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INTERNATIONAL NEWS

China H1 apparel and textile exports boosted by PPE

China's textile and apparel exports were up 3.2% in the first half of the year, thanks to a sharp increase in demand for anti-epidemic textiles such as masks, new data shows.

Exports reached US$125.19bn in the six months from January to June, figures from the National Bureau of Statistics, and published by the Ministry of Industry and Information Technology (MIIT), showed.

The figure was boosted by textile exports, which were up 27.8% to $74.10bn year-on-year. Clothing exports, however, were hit by the global Covid-19 pandemic and recorded a decline of 19.4% to $51.08bn.

The data also shows that for the six month period, China's garment industry registered lower earnings. For major enterprises, operating income dropped 16.4% to CNY577.63bn (US$83.56bn), while total profit was down 27.3% to CNY23.53bn. Operating income margin was 4.07%, down 0.62 percentage points from the same period last year.

From January to June, the retail sales of clothing products from major units was also down, falling 21.8% to CNY360.9bn. Online clothing retail sales, meanwhile, were down 2.9% year-on-year.

Figures from the Department of Commerce's Office of Textiles and Apparel (OTEXA) published earlier this month showed China booked the largest decline in apparel shipments to the US during the first half of the year despite its unit price falling 17% year-on-year to $1.88 – making the sourcing powerhouse the cheapest of the top-ten clothing suppliers by far.

Source: just-style.com– Aug 25, 2020

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China: Cross-border e-commerce key to nation's foreign trade amid COVID-19 headwinds

Amid global economic uncertainties caused by the COVID-19 pandemic, China's foreign trade sector has delivered a better-than-expected performance so far this year, with cross-border e-commerce providing strong impetus.

In the first half of the year, trade via cross-border e-commerce platforms, under the oversight of Customs authorities, increased by 26.2 percent year-on-year, with exports and imports up by 28.7 percent and 24.4 percent, respectively, data from the General Administration of Customs (GAC) showed.

As COVID-19 dealt a heavy blow to traditional trade models, cross-border e-commerce has become a major driving force for stabilizing foreign trade, said Wei Jianguo, vice-chairman of the China Center for International Economic Exchanges.

Expansion in the sector came as authorities unveiled several supportive measures, including further optimizing the business climate at ports, quickening Customs clearances, and accelerating export tax rebates.

In April, the State Council decided at an executive meeting to set up 46 new, comprehensive cross-border e-commerce pilot zones, bringing the total number to 105.

In addition to applying practices proven effective in boosting the flow of commerce, firms in these zones will enjoy supportive policies, such as exemption of value-added and consumption taxes on retail exports, and assessed levies of corporate income tax.

Companies will be supported to jointly build and share overseas warehouses, a statement released after the meeting said.

In Zhengzhou, capital city of Central China's Henan province and one of the second batch of such pilot cities, total foreign trade via e-commerce channels in the Zhengzhou Xinzheng Comprehensive Bonded Zone surged by 114 percent to 4.45 billion yuan ($642 million) in the first half. The imports in the zone almost doubled from last year, while exports rose more than fivefold.

Because of its advantages, including online trading and contactless delivery, cross-border e-commerce has played a positive role in helping foreign trade firms cushion COVID-19 shocks as a new form of trade, GAC spokesperson Li Kuiwen said at a news conference.

The GAC announced on June 12 it is carrying out pilot regulations for cross-border e-commerce business-to-business exports in 10 cities starting July 1. It offered enterprises simplified export declarations and paperless Customs clearance, among other supportive measures.

During the first week of implementation, the 10 local Customs checked and issued 266,000 bills of entry and declaration forms, involving 250 million yuan worth of goods, Li said.

Starting Sept 1, the pilot regulations will be expanded to another 12 cities, the GAC announced on Thursday.

As cross-border e-commerce embraced robust growth, China's foreign trade also beat market expectations in recent months despite the adverse impact from shrinking global demand and restrictive overseas measures to contain the pandemic.

In April, the world's second-largest economy logged positive growth in exports for the first time this year. In June, exports and imports both rose.

The momentum was sustained through July as total foreign trade volumes rose by 6.5 percent year-on-year. Exports and imports went up by 10.4 percent and 1.6 percent, respectively.

Despite the shrinking global trade market, China's share is growing larger, indicating the sector's rising competitiveness and increasing capacity to counter pressure, head of the GAC Ni Yuefeng told Xinhua.

The situation for foreign trade and investment, however, is still grim as the worldwide spread of COVID-19, a severe global economic recession, and significant declines in international trade and investment as well as rising protectionism are all taken into account, said Ren Hongbin, assistant minister of commerce.

According to World Trade Organization estimates, global trade would slump between 13 percent and 32 percent this year.

To further stabilize foreign trade, the State Council announced on Wednesday it had issued a guideline to roll out more measures aimed at protecting foreign trade entities and keeping supply chains stable.

More efforts will be made to help foreign trade firms expand their clientele and improve trade facilities and services, including cross-border e-commerce platforms, cross-border logistics, and overseas warehouses, it said.

For many traditional trade firms, cross-border e-commerce remains an important option for digital transformation and an effective hedge against external risks, analysts noted.

In the latter half of the year, the GAC will further simplify clearance procedures and cut logistics costs to optimize the business environment at ports, Ni said, who pledged to advance reforms in the regulation of cross-border e-commerce to help businesses better tap the global market.

Source: ccfgroup.com– Aug 25, 2020

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European Groups Join to Promote Sustainable and Organic Cotton

Two European groups announced a strategic cooperation aimed at promoting the creation of fair and transparent supply chains, from organic cotton farmers to consumers.

The cooperation between the Organic Cotton Accelerator (OCA) and the Partnership for Sustainable Textiles focuses on several key areas. One is to increase awareness and knowledge of brands, retailers and farmers on practical approaches and solutions to improve the availability and impact of organic cotton.

The second is to share resources and capacity-building for small-scale farmers for efficient and beneficial cultivation of organic cotton, while the third is to jointly develop supporting tools for brands and retailers to provide relevant information for sustainable sourcing.

“At OCA, we support farm-level interventions because we believe that by supporting the farmer, we strengthen the sector and we safeguard the planet,” Bart Vollaard, executive director of the Amsterdam-based organization, said. “For this positive effect to be fully realized, we need commitment and collaboration across the whole sector. The Partnership for Sustainable Textiles understands the power of collaboration and knows that by pooling forces, their members can use their combined strengths to initiate broader change in production countries.”

Vollaard said with this strategic cooperation, the groups aim to mobilize and support more brands and retailers in taking direct action in their own supply chains to secure their organic cotton at the farm level and deliver tangible benefits to farmers, such as better prices and secure uptake for their organic cotton and access to organic seeds and training.

He added that OCA now joins with the partnership’s members goals of increasing their share of sustainable cotton by 2025 to a total of 70 percent and the proportion of organic cotton contained in it to 20 percent.

For the 2018/19 harvest year, production of organic cotton increased 31 percent over the previous period–the second-largest harvest on record after 2009/10–and shows promise for continued growth, according to pre-Covid reporting in Textile Exchange’s 2020 Organic Cotton Market Report.

“The market for certified organic cotton poses one of the mysteries in our efforts for a fairer and more sustainable textiles and garment industry,” Jürgen Janssen, head of the Partnership Secretariat, said. “Brands and retailers say they struggle to get their hands on the material whilst many farmers complain that they have to sell their organic produce through conventional channels without any premiums.

“By entering into a strategic cooperation with OCA, the Partnership for Sustainable Textiles strives to increase the leverage for change in organic cotton supply chains to solve this mystery and increase production and availability of certified organic cotton,” Janssen added. “Building more and stronger links between supply and demand plays an important role in this endeavor as this will reduce risk at farm level thus enabling more small-scale farmers to convert their production to organic and sell their produce at a premium.”

Based in Germany, The Partnership for Sustainable Textiles is a multi-stakeholder initiative with members from the fields of business, politics and the civil society with the objective of achieving social, environmental and economic improvements all along the textile supply chain.

In the United States, the Cotton Trust Protocol just completed a one-year pilot phase and has now entered a new phase that welcomes brands and retailers. The Cotton Trust Protocol is a new system for responsibly grown cotton that will provide annual data for six areas of sustainability in line with the United Nations Sustainability Goals.

Source: sourcingjournal.com– Aug 25, 2020

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China hammered on all fronts in US apparel trade

Mid-way through 2020 and the impact of the global coronavirus on US apparel supplier countries is starting to become clear. Among the changes, sourcing powerhouse China has seen its unit prices tumble 17%.

Latest statistics also show duties collected on textile and apparel products imported into the US in the third quarter of fiscal 2020 more than halved. Shifts in global sourcing have been further accelerated by deteriorating US-China trade relations – with the East Asian country losing global export market share.

Covid-19 is also a wake-up call to improve protections for India's apparel sector workers, including the informal home-based women labourers who remain an invisible part of the supply chain. What will happen when the dust settles?

While a new report suggests there were 61 fires in the fashion industry supply chain in July, with India the worst country to be affected.

The global fashion industry must rely less on coal and other fossil fuels in the supply chain, according to a new report that is urging the sector to take action to address climate change as a critical part of its Covid-19 recovery strategy.

And with sustainability concerns among consumers expected to be on the rise, a new report suggests rental and resale are two circular investment opportunities that can help pave the way for a more resilient and environmentally-friendly future.

Meanwhile, plans appear to be making progress for a new agreement that would re-open Uzbekistan's cotton sector to the international market while protecting labour rights.

And the first in a two-part series on the future of fashion supply chains takes a look at the changing face of fashion retailing – and why digitising supply chains can unlock large efficiencies, improve transparency and reduce costs to help companies survive and thrive.

Setting out progress on its environmental and social and governance initiatives last year, apparel maker Gildan Activewear says its vertically-integrated manufacturing model gives it the flexibility to adapt to market challenges.

And as total UK retail sales returned to pre-pandemic levels in July, clothing sales were still down by 25.7%, even though the sector saw double-digit month-on-month growth.

Retail giant Marks & Spencer is making another 7,000 people redundant as it once again attempts to transform the business. Analysts believe the retailer now has a tough road ahead to catch up with its rivals.

Source: just-style.com– Aug 24, 2020

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China's sewing machine exports decline 21.90 per cent in H1

National Bureau of Statistics of China stats show, the country's sewing machine exports declined by 21.90 per cent on Y-o-Y basis in January-June '20 period. The total revenues clocked by the country in sewing machine exports during the first half of 2020 were $934 million.

Of total export values, industrial sewing machines contributed $ 446 million and declined significantly by 26.03 per cent on Y-o-Y basis. As far as export volume is concerned, Chinese industrial sewing machines fell by 26.41 per cent to 1.42 million sets. The average export cost per sewing machine valued $371.66 during H1 '20.

In June '20, China exported sewing machines worth $169 million, marking a 20.93 per cent yearly decline. However, the country's exports increased by 23.14 per cent from May '20.

The export volume of industrial sewing machines, in particular, in June '20 fell by 31.96 per cent on Y-o-Y basis to 221,700 sets but, as compared with May '20, the volume-wise shipment surged by 16.91 per cent. The export value of industrial sewing machines also declined 43.96 per cent to $59.67 million on a yearly basis. However, on M-o-M basis, the value increased by 4.17 per cent.

Source: fashionatingworld.com– Aug 25, 2020

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Australia: Booming farm trade to China may have hit peak says Rabobank

Australia's long era of gradually rising rural exports to China may be about to come to an end because of political tensions between the two countries according to a new report from Rabobank.

China now devours a third of Australia's farm exports but agribusiness specialist Rabobank warns shipments to the Asian economic superpower have probably hit their peak.

Australian exports of food and agricultural products to China jumped by eight per cent in value terms in 2019-20 to $12.6 billion, the highest level in the history of the China-Australia trading relationship.

The growing importance of China as a major destination for our food, fibre and livestock exports during the past 14 years has put a strong foundation under Australia's rural economy.

But Rabobank said it has also created a reliance on a single overseas market not seen since Australia was "joined at the hip" to Great Britain in the 1950s. Nervousness about our heavy trade dependence on China has escalated rapidly since relations between Canberra and Beijing began to sour and COVID-19 sent the global economy into a nosedive.

Trade sanctions

China has been using sanctions against some key farm imports from Australia - notably beef and barley - as a lever to force Canberra to tone down its criticism of Beijing on a range of issues including its territorial ambitions in the South China Sea, its alleged interference in Australian politics and its lack of co-operation for an inquiry into the origins of coronavirus.

Now Beijing has announced an anti-dumping investigation into Australian wine imports which has angered the industry, the National Farmers Federation and the Australian Prime Minister, Scott Morrison.

China is now Australia's biggest wine export market with sales hitting $1.1 billion in 2019-20.

Rabobank head of food and agribusiness research Tim Hunt said "extracting one in three of our export dollars from one market" was a major risk for the Australian food and agricultural sector, particularly with the rising political tensions between the two countries.

No surprise

"This shouldn't come as a complete surprise.

"China has often found reasons to reduce purchase of agri products from countries when tensions arise," Mr Hunt said.

"Australia has five food and agriculture exports to China (beef, lamb, wool, wine and fruits and nuts) that can be worth over a billion dollars in any given year.

"In 2020, China has so far impeded or threatened to impede three of these via the removal of accreditation to supply some beef product lines from certain abattoirs, the imposition of an anti-dumping duty of barley and now a threat to impose anti-dumping duties on wine also," he said.

Wine probe

"The (wine) investigation may ultimately find that no such dumping has occurred. But these investigations can take more than a year and the uncertainty it creates can impact trade in the interim, and can undermine investment appetite in the sector."

The bottom line was 2019-20 may prove to be the peak of Australian agriculture's exposure to China for several reasons, Rabobank said. Firstly, the likely rebound of wheat production this season would see a hefty boost to shipments of a grain typically sold to markets outside of China.

Secondly, China's 80 per cent anti-dumping duty on barley would likely see most exports directed elsewhere for at least the next 12 months, the bank said. The Chinese pig herd was also recovering which may mean Australia's beef and sheepmeat exports may also have peaked.

Regions like South-East Asia were also expected to play a bigger role in the textile milling industry which would see Australian cotton exports to China decline over the medium term.

Political influence

But the size of the trade flow will be heavily influenced by the politics between the countries and the strategy of buyers and sellers, Mr Hunt said. "The extent of exposure to China and the risks this is bringing may see many industries look to diversify markets in coming years.

"The Chinese market is hard to replicate in size, growth and value. But there are growth opportunities in other markets that Australian exporters can tap into in coming years, especially if progress is made in improving market access."

Source: queenslandcountrylife.com.au– Aug 25, 2020

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Vietnam cotton imports decline by 9.1 per cent in July

In July 2020, Vietnam's cotton imports declined 9.1 per cent year-on-year to 121,100 while it declined by 2.6 per cent month-on-month. From January to July 2020, Vietnam's cotton imports declined 4.5 per cent year-on-year to 899,900 tonne.

In July, US remained the major import origin for Vietnam with 68 per cent of its cotton coming from the US.

The volume and proportion of Indian cotton import also increased in July to reach second place. While Vietnam imported 82,000 tonne of cotton from the US, it imported 11,100 tonne from India.

Operating rate of spinning mills in Vietnam continued to recover, to above 50 per cent. Besides, the shipmenst date of Vietnamese cotton yarn began to rise in early July, but was slightly lower than the corresponding period of last year. In July, the overall demand for the Vietnamese cotton textile market was not much different from that in Jun.

However, under the background of higher ICE cotton futures (higher costs), most Vietnamese mills chose to sell at lower prices. Therefore, both carded and open-end cotton yarn sales are seen, but most of them are mainly purchased by regular customers.

Source: fashionatingworld.com– Aug 25, 2020

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Vietnam textile and garment exports to decline by 14%: Vinatex

The Vietnam Textile and Garment Group (Vinatex) forecasts Vietnam's textile and garment exports will continue to decline by 14-18 per cent each month for the rest of 2020 over the same period last year.

The group also said the total textile and garment export value for this whole year is estimated to hit about $32.75 billion, a year-on-year decrease of 16 per cent. Le Tien Trương, General Director, Vinatex said the textile and garment will face greater difficulties in the final half of the year than the first half.

Vietnam Textile and Apparel Association (VITAS) said the second quarter was the most difficult quarter for the textile and garment industry as customers in major export markets such as the US and EU cancelled 30-70 per cent of orders because the markets were closed due to the Covid-19 pandemic.

The Ministry of Industry and Trade also said as of July, many textile and garment enterprises had few orders for the last two quarters of this year, especially high-value products. Meanwhile, face masks and personal protective equipment, which are considered major products for many garment enterprises, have sharply decreased due to global oversupply.

According to the ministry, Vietnam's export value of textiles and garments in July was estimated at $3.43 billion, up 14.4 per cent compared to June but down 11.8 per cent year-on-year.

In the first seven months of this year, the textile and garment export value was at $19.21 billion, down 13.8 per cent year-on-year. The ministry forecasts Vietnam's textile and garment export value this year would reduce by 10-15 per cent to $33.6-36 billion compared to last year.

Source: fashionatingworld.com– Aug 25, 2020

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NATIONAL NEWS

DGFT removes curbs on export of surgical masks, medical coveralls

Restricted exports of N-95/FFP2 masks to be allowed; monthly export quota fixed at 50 lakh units

The government has changed the export policy for 2/3 ply surgical masks and medical coveralls of all classes and categories, including medical coveralls for Covid-19, by moving them from ‘restricted’ to ‘free’ category.

The export policy of N-95/FFP2 masks, or their equivalent masks, has also been revised from ‘prohibited’ to ‘restricted’ category and a monthly export quota of 50 lakh units has been fixed, as per a notification from the Directorate General of Foreign Trade (DGFT) published on Tuesday.

“.... the export policy of 2/3 Ply Surgical masks, medical coveralls of all classes and categories (including medical coveralls for COVID-19) is amended from ‘restricted’ to ‘free’ category and these coveralls (including gowns and aprons of all types) are now freely exportable,” the notification said.

Medical goggles continue to remain in restricted category with monthly quota of 20 lakh units and Nitrile/NBR gloves continue to remain prohibited, it added.

For issue of export licences for exporting the monthly quota of 50 lakh units of N-95/FFP2 masks or its equivalent, the notification said that criteria for eligibility of applicants will be separately issued in a Trade Notice.

The export policy of N-95/FFP2 masks or its equivalent masks is revised from ‘Prohibited’ to ‘Restricted’ category. A monthly export quota of 50 lakh units has been fixed for N-95/FFP2 masks or its equivalent, for issuing export licences to eligible applicants as per the criteria to be separately issued in a trade notice.

Source: thehindubusinessline.com– Aug 25, 2020

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Over 3 lakh MSMEs have registered on Udyam portal since July: Official

Over 3 lakh micro, small and medium enterprises (MSMEs) have registered in nearly two months through the new registration process on the 'Udyam' portal, a top official said on Tuesday.

"More than 3 lakh registrations have taken place in the months of July and August and now the speed is going up," Secretary in the MSME Ministry A K Sharma said.

Sharma further emphasised that the process for registration of MSMEs through the government website is "absolutely free" and cautioned the public not to fall prey to fake websites.

"I would also like to caution that we have been hearing that there were many fake websites which have emerged in the market claiming that they would enable the registration process," the Secretary said.

He further said that the Fund of Funds scheme will soon be rolled out.

"The other scheme we are working on is the Fund of Funds scheme, most of the formalities are over and in a very short while we will go to the market and invite private equity funds and venture capital funds," Sharma said at a webinar organised by Confederation of Indian Industry (CII).

Finance Minister Nirmala Sitharaman in May had announced Rs 50,000-crore equity infusion through Fund of Funds for MSMEs.

For this purpose, a Fund of Funds with a corpus of Rs 10,000 crore is to be set up to provide equity funding for MSMEs with growth potential and viability.

The Fund of Funds scheme is intended to help those businesses who are in their nascent and initial stages, where there are almost no prospects to raise funds through the help of professional corporations or venture capitalists.

The scheme proposes to buy up to 15 per cent growth capital in high credit MSMEs.

Regarding the delay in outstanding payments to MSMEs, the Secretary shared that in "May, June and July, thousands of crores of rupees which were pending towards the MSME dues have been paid by government departments and central public sector enterprises".

In May, Sitharaman had also said that MSMEs receivables from the government and Central Public Sector Enterprises (CPSEs) will be released within 45 days.

Source: economictimes.com– Aug 25, 2020

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Rs 3 lakh crore ECLGS: Over half of targeted number of MSMEs benefitted; 35% amount disbursed so far

Credit and Finance for MSMEs: 12 public sector banks, 24 private sector banks, and 31 non-banking financial companies have collectively disbursed 35.3 per cent of the Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) as of August 24, 2020, according to the government data. Lenders have disbursed Rs 1,05,926 crore as of August 24, 2020, out of Rs 1,55,995 crore sanctioned.

The majority deployment of Rs 58,230 crore has been done by PSBs, as per the figures tweeted by Finance Minister Nirmala Sitharaman's office on Tuesday.

Importantly, the number of MSMEs supported stood at 23,77,808 – 52.8 per cent of the 45 lakh MSME units, which the government had said "can resume business activity and safeguard jobs" through the credit offered while announcing the scheme back in May this year as part of the Atmanirbhar package.

Out of nearly 23.78-lakh MSME accounts disbursed, a whopping 86.5 per cent or 20,57,762 accounts were supported by PSBs while private banks offered credit to the remaining 3,20,046 MSME accounts.

"While we appreciate the efforts by the government but this needs to expand to nearly 7 crore MSMEs across the country to make them Atmanirbhar.

The interest is certainly there among MSMEs to become self-sufficient but the support has to come from the government for not just Covid-hit small businesses but others as well who are also impacted by the pandemic in some way or the other.

Nonetheless, there have been few instances where MSMEs have reported challenges in securing credit under the scheme. The government must ensure to remove this on-ground friction between banks and units," Chandrakant Salunkhe, President, SME Chamber of India told Financial Express Online.

State Bank of India continued to be the leading lender to MSMEs under the ECLGS. The bank has disbursed Rs 17,599 crore in 2,99,375 MSME accounts as of August 24, 2020, followed by Rs 7,621 crore disbursed in 1,73,286 accounts by Punjab National Bank. The third bank in the tally was Canara Bank that disbursed Rs 6,773 crore in 3,91,382 accounts.

FM Sitharaman had announced working capital support of 20 per cent of the outstanding credit for MSMEs as on February 29, 2020, in the form of term loans at a concessional interest rate. Eligible MSMEs are required to have up to Rs 25 crore outstanding and turnover of up to Rs 100 crore.

The Department of Financial Services had issued operational guidelines for the ECLGS scheme on May 23 after the approval from the Cabinet on May 20, 2020. The ECLGS Fund was registered on May 26, 2020.

Source: financialexpress.com– Aug 25, 2020

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Shifting global dynamics can structurally improve India's trade deficit - Impact Report: Acuité Ratings & research

Acuité believes that India has a significant opportunity to improve its trade balances with the ongoing shift in the global trade dynamics and the deterioration of trade relationships between China and its major partners such as United States, Australia and Japan. We also expect that most of the world's developed nations including those in Europe will make an effort to reduce their dependence on China, wherever applicable and diversify their supply base for strategic reasons.

This will benefit Indian exporters in various sectors such as pharma, chemicals, automotive, textiles, leather and even agricultural products over the medium term. Such a trend has started to become visible in June with India's exports to Australia having grown by 78% and that to Japan and South Korea growing by 4.5% and 15.5% respectively despite the intermittent lockdowns. While the exports to USA have been consistently improving over the past few months post the Covid disruption, even exports to trading nations such as Singapore have increased by over 36% in June 2020, reflecting the opportunities presented by the changing trade dynamics.

Says Sankar Chakraborti, Group CEO, Acuité Ratings & Research Ltd "India can take advantage of the shifting global trade dynamics by entering into bilateral or multilateral trade pacts with a wide spectrum of nations that intend to reduce their large dependence on China. However, initiatives on new trade arrangements also have to be backed up by investments in indigenous manufacturing capabilities in close collaboration with the private sector and in line with the 'Atma Nirbhar Bharat' campaign."

India's overall merchandise exports have witnessed a steady revival in the aftermath of the lockdown climbing from a low of USD 10.3 billion in April to USD 23.6 billion in July 2020. While the exports volumes are still 10.2% lower as compared to July 2019 on an overall basis, it needs to be noted that the exports of petroleum products have seen a massive contraction of 51.5% and adjusted for that factor, the yoy contraction has been only to the extent of 3.5%. While the recovery has been fairly broad based across product segments, there has been a significant yoy growth in product segments such as agricultural goods, pharmaceuticals and engineering goods.

India's merchandise trade deficit for the April-July period at USD 13.95 billion has witnessed a sharp drop of 64.1% from USD 59.42 billion in the corresponding period. Says Suman Chowdhury, Chief Analytical Officer, Acuité Ratings & Research Ltd "In our opinion, the significant improvement in the trade deficit is primarily on account of continuing weakness in domestic demand along with a considerable decline in global crude oil prices but also partly due to exports recovering faster than imports.

While it may be difficult to sustain such improved levels of trade deficit as the economy revives and global commodity prices pick up, Acuité believes that the shifting global trade dynamics provide a good opportunity for India to improve on the inherent imbalances in its trade flows." he adds.

An analysis of country wise trade performance shows a ground level impact of the border and trade conflict with China. India historically, has a huge trade deficit with China which constitutes almost 50% of its overall trade deficit. But interestingly, imports from China in June 2020 have contracted by 44% while exports to the northern neighbour expanded by 78% on a yoy basis.

Consequently, the monthly trade deficit with China has sharply reduced to USD 1.2 billion in June 2020 as compared to USD 4.7 billion a year earlier. While the sustainability of the lower trade deficit with China remains to be seen as the domestic economy continues to revive, it is apparent that the government is making efforts to discourage low value added and non-critical imports from China and other countries as part of the ongoing initiatives on self-reliance and indigenous production.

Source: equitybulls.com– Aug 25, 2020

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Tripura-Bangladesh water route trial run in September, says Chief Minister Deb

93-km-long Sonamura-Daudkandi waterway route was included in the list of Indo-Bangla protocol routes in May

The inland waterways Sonamura-Daudkandi route connecting Tripura to Bangladesh will have its first trial run in September, Chief Minister Biplab Kumar Deb said.

The 93-km-long Sonamura-Daudkandi waterway route was included in the list of Indo-Bangla protocol (IBP) routes in May this year.

"…. The trial run is scheduled in the first week of September 2020, during which 50 MT cement will be transported in barges from Dhaka to Sonamura. This is for the first time in history that any kind of goods will be reaching Tripura by ship..," Deb said in a post on his Facebook page.

The chief minister said the Bangladesh Inland Water Transport Authority has given permission for trial run from Daundkandi in Comilla district of Bangladesh to Sonamura in Tripura's Sepahijala district, 60 km away from Agartala via River Gomati.

Tripura launched a floating jetty on River Gomati on July 4 as part of the Indo-Bangla international inland waterways connectivity project.

Traders of India and Bangladesh had demanded a trial run of vessels on the Gomati river this month to operationalise the Indo-Bangla protocol route between Sonamura and Daudkandi in the neighbouring country, officials said.

A high-level team of officials of the Bangladesh Shipping Ministry surveyed the riverine protocol route on August 12, Sonamura sub-divisional magistrate Subrata Majumder said.

"Of the 90-km stretch, around 89.5 km is in the neighbouring country. Export-import traders of the two countries proposed a trial run of barges through the protocol route," he said.

Source: thehindubusinessline.com– Aug 25, 2020

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Businesses with turnover up to Rs 40 lakh exempted from GST

The businesses with an annual turnover of up to Rs 40 lakh are now exempt from goods and services tax (GST), finance ministry said on Monday. Earlier, the GST exemption limit was fixed at Rs 20 lakh. In addition, those with a turnover of up to Rs 1.5 crore can opt for the Composition Scheme and pay only 1 per cent tax, it tweeted.

"Once GST was implemented, the tax rate on a large number of items was brought down. As of now, the 28% rate is almost solely restricted to sin and luxury items. Out of a total of about 230 items in the 28% slab, about 200 items have been shifted to lower slabs," the finance ministry also said.

The Ministry further said that significant relief has been extended by the government to the construction sector, particularly the housing sector. "It has now been placed at the 5% rate. GST on affordable housing has been reduced to 1%," it added.

The Ministry of Finance said that the taxpayer base has almost doubled since the rollout of GST.

"The numbers of assessee covered by the GST at the time of its inception were about 65 lakh. Now the assessee base exceeds 1.24 crore. All processes in GST have been fully automated. Till now 50 crore returns have been filed online and 131 crore e-way bill generated," it said.

Hailing the decision, Confederation of All India Traders (CAIT) Secretary General Praveen Khandelwal said, "This is a great step by the Government and many more further steps will have to be announced by the GST Council to support traders in these stressful times like immediate processing of Refunds, reduction of GST rates and simplifying the overall GST system."

Source: businesstoday.in– Aug 24, 2020

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India's exports to China jump 78%

China and other South-East Asian economies have become the main export destination for Indian goods with shipments to Beijing expanding 78 per cent year-on-year in June.

Trade data showed that shipments to traditional export markets such as the US, the UK and Brazil declined as restrictions because of Covid-19 and the attempt to contain the pandemic affected trade.

“India’s exports growth in a pandemic-dominated world appears to be inversely related to the rise in Covid-19 cases in its export destinations,” rating agency Crisil said, adding that this explains the reasons for growth in exports to countries such as China, Malaysia, Singapore, Vietnam, South Korea and Japan and contraction in exports to the UAE, the UK, Germany, the US, and Brazil.

India’s exports to China grew 78 per cent in June, while that to Malaysia rose 76 per cent, Vietnam by 43 per cent and Singapore by 37 per cent. “Most of these economies had flattened the Covid-19 curve in this period,” Crisil said.

India’s exports have shown a massive improvement sequentially, as the yearly contraction narrowed to -10.2 per cent in July from a severe -60.2 per cent in April, it said. In contrast, exports to western economies such as the US, Brazil, the UK, and Germany declined as they are struggling with higher Covid-19 caseloads, the report adds.

While India’s exports to the UK contracted 34 per cent in June, those for Germany declined 18 per cent and for the US by 11 per cent. The sharpest fall in exports was to the UAE, at 53.2 per cent.

“Export prospects for this fiscal will pivot on the trajectory of the pandemic across countries. It will rise to countries that have controlled their caseload and restarted activity,” the report states. India’s exports have declined sharply since March 2020, but have recovered in June and July, contracting by only around 10-12 per cent in these two months.

Source: telegraphindia.com– Aug 25, 2020

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A mixed festival season awaits India's top retailers

After a tepid fist half of the year that was marked by protracted lockdowns and scare of the pandemic, retailers are eyeing the year’s most lucrative time -- the festival season that begins with Onam and Ganesh Chaturthi and continues till Diwali -- with mixed expectations.

India's festival season that begins in September and stretches till November is opportune for the country's apparel, jewellery and home appliance makers. For some retailers and manufacturers of consumer products the months of September, October and November contribute anywhere between 20% and 40% to their annual sales.

While electronics retailers expect a decent Diwali, some are even hopeful of clocking growth over the year ago period. Apparel retailers though have lowered their sales forecasts for the festival season.

With fewer occasions to socialize and restrictions still in place for large gatherings, apparel retailer Benetton expects this Diwali to be dull compared to a year ago with sales down at least 25%.

“Matching last year’s revenue will be very difficult, if the cases continue to surge the momentum will be no match to what we are expecting," said Sundeep Chugh, managing director and chief executive officer, Benetton India.

Chugh said any improvement in performance is comparable to June-July and not a year ago period given the situation retailers are grappling with. “We are unlikely to match numbers of the previous years, we may be 25-30% lower than last year," he added.

Apparel retailers are also going easy on buying inventory for the festive season. Even as Indian households are buying groceries, household appliances, laptops and mobile phones for work-from-home regimen, more discretionary purchases such as apparel, accessories and beauty categories have been deferred.

However, to attract customers, retailer Puma has been launching new products every month. "Given the trend of how things are improving compared to the previous months, we are very hopeful of a strong September and October. We hope this trend continues through the festive season and beyond," said Abhishek Ganguly, general manager, Puma India and Southeast Asia.

Value retailer V-Mart, meanwhile, expects some buoyancy at the end of the month as better farm income on account of sufficient monsoons is expected to help the retailer register better sales. The retailer is present in India's small town and cities.

However, the numbers will be no match to the year ago period, the company's chairman and managing director Lalit Agarwal said.

Electronics retailers, however, seem more upbeat. Consumers are shopping for laptops, upgraded television sets and kitchen appliances in the past couple of months. This demand is likely to continue into the festive season, said Nilesh Gupta, managing director at electronics retailer Vijay Sales. "It is no longer pent up demand, it is now normal, the demand will continue—more than buying only because it is festive season, consumers will buy these products because they need them," said Gupta. Vijay Sales typically registers 40% of its annual sales between September and November.

Some makers of home appliances and consumer electronics are currently filling up inventory for the festive season, given that disruption in manufacturing caused by the lockdown and the subsequent shortage of labour earlier this year yielded lower production.

"I guess we are not yet in great times in terms of buoyancy. But if supplies keep pace then I think we'll have anywhere between 10% to 20% growth over last year. But, on an annualized basis, we may not make up for loss of business registered earlier this year," said Anuj Poddar, executive director, Bajaj Electricals Limited.

For the company that sells juicers, electric cookers, ovens, coffee makers among other goods, production is currently at 70-80%, of its capacity "but we plan to take that up to 100-110% because we are running on low inventory," said Poddar.

"Electronics industry has witnessed an improving sales trend since mid-May 2020 reaching nearly equal to same month last year in June 2020. Further, with approaching festive season, we are expecting good traction in our consumer electrical and lighting business over the next few months," said Rakesh Khanna, MD and CEO, Orient Electric Limited. Khanna said "production ramp up is smooth" at the company's plants at Faridabad, Kolkata and Noida.

However, retailers continue to remain wary of local lockdowns—those being imposed on weekends that they said disrupt supplies and movement of goods. These could also meddle with the festival season demand and how retailers plan ahead for the season.

Companies also plan to go easy on discounts and offers as they hope to preserve cash in such a scenario.

“This time discounts will not drive sales, you cannot bring in the crowds. Plus companies are incurring higher costs because of labour shortage, logistics etc. So I don’t think demand will be driven by discounts but it will be driven by good EMI options and genuine need," Vijay Sales’ Gupta said.

Source: livemint.com– Aug 25, 2020

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Amid Covid-19 crisis, Telangana continues to attract investments in key sectors

Despite the Telangana government struggling to tackle the growing intensity of Covid-19, the state continues to attract huge investments in various industrial, infrastructure and information technology sectors amid the health crisis.

State industry department’s official figures indicate that in the last month alone, projects worth around Rs 4,500 crore were grounded in Telangana, particularly in and around Hyderabad.

“We continue to receive investment proposals worth hundreds of crores of rupees, which is a good sign for the state’s economy in the post-Covid-19 scenario,” a senior official in the department familiar with the development said.

The Telangana government is holding a two-day virtual conference “Make in Telangana” on August 27 and 28 with the theme “Invest in Telangana: Opportunities in Post Covid-19,” with an objective to explore investment opportunities and new partnerships.

The conference will be addressed by CEOs of leading Indian and global companies including IT, pharma, textiles, electric vehicles, food processing, aerospace and defence, retail and infrastructure, the official said.

On August 11, Medtronic, an Ireland-based medical equipment giant, announced its plan to scale up and expanding its Medtronic Engineering & Innovation Centre (MEIC) in Hyderabad at a cost of Rs 1200 crore.

“It is going to be the largest global R&D centre outside of the United States for Medtronic generating over 1000 jobs,” state industries minister K T Rama Rao said. “It will be a big boost to Telangana and it will cement Hyderabad’s position as the medical devices hub in India,” he said.

On August 13, Telangana received yet another major investment proposal from Medha Servo Drives Pvt. Ltd to set up Medha Rail Coach Factory, India’s largest private sector rail coach factory at an investment of Rs 1000 crore with an employment potential of 2,200 (1000 direct and 1200 indirect) in the state.

KTR took part in the ground-breaking ceremony of Medha Rail Coach Factory in Kondakal village of Shankarpally, Ranga Reddy district in the presence of his cabinet colleagues T Harish Rao and P Sabitha Indra Reddy.

“The facility will have a capacity of manufacturing coaches, locomotives, intercity trainsets, metro trains, monorail, etc. Production capacity is planned for 500 coaches (of various types) and 50 locomotives per year,” the industries minister said.

Similarly, on August 17, KTR laid the foundation stone for an advanced polyester film manufacturing facility at Shahabad in Ranga Reddy district, to be set up by Ester Industries Ltd, a leading manufacturer of Polyester Films at an investment of Rs 1,350 crore. It will provide jobs to about 800 people.

The minister also laid the foundation for two other projects in the last one month: Rs 500 crore smart data centre of the National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payments and settlement systems in India at Nanakramguda and a new Research and Technology Centre of Sai Lifesciences Limited, a growing contract research organisation, at an investment of Rs 400 crore at Genome Valley.

The industries minister said post-Covid-19, there is immense opportunity for the state to attract investments from other parts of the world, and the infrastructure development and construction sector would play a major role in it.

Source: hindustantimes.com– Aug 25, 2020

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Gujarat CM inaugurates virtual FABEXA 2020

Gujarat chief minister (CM) Vijay Rupani yesterday inaugurated FABEXA 2020, a virtual exhibition organised by Ahmedabad's Maskati Cloth Mahajan, one of the oldest bodies of textile traders in the country.

More than 100 exhibitors are participating in this event that will run for 90 days. The annual exhibition is generally organised in an exhibition centre.

3D and 4D images of products like denims, cotton wear, silk, dress materials and other prints are displayed in the virtual stalls and the expo offers the facility of e-meets for business-to-business clients.

More than 28 textile parks are operational in Gujarat and garment export in the state has achieved a new pace due to various advantages like interest subsidy on credit, assistance and encouragement for textile parks, in addition to keeping in mind the aspects of environment conservation and pollution control, Rupani was quoted as saying by media reports from the state.

Source: fibre2fashion.com– Aug 25, 2020

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'Be Indian, Buy Indian' will help revive local consumption: Gautam Singhania

"I strongly believe in Be Indian and Buy Indian, and I think each one should make a conscious decision to buy products made in our country," said Gautam Hari Singhania, Chairman and Managing Director, Raymond Limited, Indias largest textile and apparel brand.

In an interview with IANS, Singhania said India is a very large economy with 1.3 billion people. "While the world looks at us as a market, I think we should look within for our products which are best in the world," he added.

"I believe, Be Indian Buy Indian will help revive local consumption," he said. "We need to come up with something more suitable for our country that will empower us to give the much needed boost to our economy.

"For instance, it is imperative for India to continue to host IPL matches on its soil to give fillip to economy and sentiments of people of India as we are coming out of the impact of the pandemic. India can certainly handle such a high-profile sporting event, if UAE can," Singhania said.

On the impact of Covid 19, he said, "Given the discretionary nature of the Textile and Apparel industry, the pandemic has affected us. With the lockdown, all factories were shut and demand came to a standstill. In this backdrop, the Indian textiles industry accounting for roughly 14 per cent of the total industrial output and a key contributor to the economic activity has also been adversely impacted."

Raymond is challenging costs restructuring operations to mitigate the impact. "At Raymond, we are challenging all costs and have also implemented restructuring to ensure efficiencies.

"In line with the prevailing market conditions, the company has undertaken the process of cost rationalisation and various cost control measures related to sales and marketing, manpower, rentals and others to minimise the impact on business due to the pandemic," Singhania said.

Singhania said textile as an industry cannot move totally towards digital. "While some products have moved towards digital, I don't think textile as a category can move totally towards digital. I think today digital for the textile industry will be less than 1 per cent and I'm sure as things open up of which we are seeing greens shoots, customers will come back to the store very quickly," Singhania said.

"Having said that, at Raymond we have accelerated our pace of digital adoption and will be moving our channel and trade partners extensively onto digital platforms for trade bookings and other related activities," Singhania said on the digital strategy.

Stronger brands are expected to do better. "We have always seen that, the stronger brand gets much stronger and the weaker one goes wayside. I always look at this as an opportunity.

In our endeavour to battle the COVID-19 pandemic, Raymond has launched an exhaustive range of Personal Protective Equipment (PPE) offerings. I am sure Raymond will come out much stronger by end of this," he added.

"As demand is reviving, we are witnessing the consumer having a clear preference for stronger known brands such as Raymond. Earlier when a consumer bought three shirts, he experimented with three brands.

However, now when he buys one shirt he wants to go for a stronger brand because of the assured quality and I think that is a real opportunity for Raymond," Singhania said.

Here are the excerpts:

Q: What has been the impact of Covid 19 pandemic on the textile and apparel industry in India?

A: Given the discretionary nature of the Textile and Apparel industry, the pandemic has affected us. With the lockdown, all factories were shut and demand came to a standstill. In this backdrop, the Indian textiles industry accounting for roughly 14 per cent of the total industrial output and a key contributor to the economic activity has also been adversely impacted from the uncertainties of global demand as well as subdued domestic demand. However, barring the intermittent black swan event like Covid pandemic, we are equally hopeful for bouncing back to growth as soon as the pandemic curve witnesses an arrest in the near future.

Q: What is the strategy that Raymond has adopted to face this situation?

A: At Raymond, we are challenging all costs and have also implemented restructuring to ensure efficiencies. In line with the prevailing market conditions, the company has undertaken the process of cost rationalisation and various cost control measures related to sales and marketing, manpower, rentals and others to minimise the impact on business due to the pandemic.

Q: What is your take on the Atmanirbhar Bharat campaign?

A: I strongly believe in Be Indian and Buy Indian, and I think each one should make a conscious decision to buy products made in our country. India is a very large economy with 1.3 billion people. Whilst the world looks at us as a market, I think we look inside for our products which are best amongst the world. I am sure we can get out of pandemic together stronger. Strong initiatives being taken by Central Government and the confidence building driven by Prime Minister's "Atmanirbhar" policy initiatives continue to ignite hope for an earlier than envisaged revival of our economy.

Q: What does it mean for brands like Raymond?

A: We have always seen that, the stronger brand gets much stronger and the weaker one goes wayside. I always look at this as an opportunity. In our endeavour to battle the Covid-19 pandemic, Raymond has launched an exhaustive range of Personal Protective Equipment (PPE) offerings.

We are using our garmenting facilities in Bengaluru to manufacture PPE products (including masks and suits) which are currently being supplied to government, hospitals and other institutions. I am sure Raymond will come out much stronger by end of this.

Q: Shoppers are still wary of visiting retail stores. There is a shift towards digital, is apparel becoming part of the trend?

A: While some products have moved towards digital, I don't think textile as a category can move totally towards digital. I think today digital for the textile industry will be less than 1 per cent and I'm sure as things open up of which we are seeing greens shoots, customers will come back to the store very quickly. Having said that, at Raymond we have accelerated our pace of digital adoption and will be moving our channel and trade partners extensively onto digital platforms for trade bookings and other related activities.

Our new digital infrastructure and omni-channel capabilities give us the competitive advantage to have a unified view of our inventory and will service our consumers across the length and breadth of the country. As the fashion industry is going ‘Phygital', Raymond is committed to create delightful consumer experiences both in the online and offline world.

As Indian economy is gradually opening up we have started re-opening our stores and 1000+ Raymond stores are now open for business. It's also heartening to see that our loyal consumers are waiting for our shops to resume business.

Q: What are your expectations from the festival and wedding season?

A: By end of September, things should pick up and I am very bullish on the same. With the onset of the Pooja season in the East and we are hopeful the demand will come in from there and I am sure we will see the benefits of the same.

Q: How will the fashion industry reorient itself to the changed dynamics post Covid and how is Raymond participating in the rejig?

A: The market is changing and the world is changing and I am sure, water will find its own level. Having said that Raymond has launched an exhaustive range of Personal Protective Equipment (PPE) offerings. We are using our garmenting facilities in Bengaluru to manufacture PPE products (including masks and suits) which are currently being supplied to government, hospitals and other institutions. Additionally, our FMCG business was quick to respond and launched a slew of personal hygiene products as well as skin friendly hand sanitizers and cleansers as a part of Raymond Care initiative.

Q: Raymond is advocating Be Indian, Buy India. What does that translate into for consumers?

A: I believe, Be Indian Buy Indian will help revive local consumption. Governments across the world are coming up with innovative measures to revive consumption, for instance, if you consider in UK, the government was paying for a percentage of people who went out to restaurants.

It was their way to kick-start their economy. We need to come up with something more suitable for our country that will empower us to give the much needed boost to our economy. For instance, it is imperative for India to continue to host IPL matches on its soil to give fillip to economy and sentiments of people of India as we are coming out of the impact of the pandemic. India can certainly handle such a high-profile sporting event, if UAE can.

Q: How will it boost employment and manufacturing?

A: The government needs to proactively assess the situation and eliminate the bottlenecks in manufacturing. India has a massive employable workforce and there is a dire need for self-sufficiency in various industries to bring down trade deficit. In our economy like India needs a robust manufacturing sector. The need for creating a robust manufacturing sector is critical.

India must create one million jobs per month to capitalise on the demographic divide and manufacturing is the only activity that can provide livelihood opportunities to a huge chunk of the population outside of agriculture.

Q: What are the changing consumer preferences seen during Covid-19?

A: As demand is reviving, we are witnessing the consumer having a clear preference for stronger known brands such as Raymond. Earlier when a consumer bought three shirts, he experimented with three brands. However, now when he buys one shirt he wants to go for a stronger brand because of the assured quality and I think that is a real opportunity for Raymond. There is an enhanced need for hygiene and greater adoption of digital interplay during the sales cycle.

Source: daijiworld.com– Aug 25, 2020

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