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	NATIONAL NEWS
1	FM Nirmala Sitharaman announces Rs 1.7 lakh crore relief package for poor
2	Covid-19 stimulus package: Centre’s Rs 1.7-lakh crore no match for global response
3	Covid-19: Govt to pay employer, employee’s PF contribution for 3 months
4	COVID-19 Crisis: Banks to offer emergency funds to aid pensioners, salaried, self-help groups, MSME, large corporates
5	Inter-State movement of goods/cargo exempted from lockdown restrictions
6	CRISIL cuts GDP growth forecast for fiscal 2021 to 3.5 per cent
7	Covid-19 impact: CII sets up a fund for MSMEs
8	DGFT operationalises help desk to assist exporters, importers
9	Indian Industry seeks 10-point boost plan from govt for the exporters effected by coronavirus
10	Govt keeps Bt cotton price unchanged at ₹730 per packet for 2020-21; scraps royalty fee to Bayer
11	Covid-19 fallout: Weed removal before cotton sowing delayed in Malwa belt
12	COVID-19: Bengal cotton loom trade hit
13	Adani Ports declares force majeure at Mundra and Dhamra ports
14	With buyer sentiment low, Indian fashion brands focus on e-com
15	G20 nations to inject $5 trillion to combat Covid-19

INTERNATIONAL NEWS

WTO sees sharp fall in trade, calls for global solutions to tackle COVID-19 crisis

The world trade is expected to witness a sharp fall due to COVID-19 (coronavirus) crisis, and global solutions will be required to deal with the pandemic, according to the WTO.

In a video message, World Trade Organization (WTO) Director-General Roberto Azevedo said cross-border trade and investment flows have a role to play in efforts to combat the COVID-19 pandemic, and will be vital for fostering a stronger recovery once the medical emergency subsides.

He said global solutions are needed to address the global challenge brought about by the pandemic.

WTO economists are analysing the fallout from the crisis and will report their findings and projections for trade in 2020 and 2021, Azevedo added. “Although the report is still a few weeks away, the economists foresee a very sharp decline in trade,” he said.

This does not augur well for WTO member countries like India which are not recording healthy growth in exports.

“Once the medical crisis begins to recede, trade will allow countries to help each other grow, bringing faster and stronger economic recovery for all of us. The WTO will do its part,” he added.

Source: financialexpress.com-Mar 26, 2020

HOME

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Textile companies in China see decline in international orders as COVID19 rages globally

"It will be a tough year for the textile industry," Hu Qinhua, owner of Shaoxing Hongyutong textile company told the Global Times Wednesday. As the COVID-19 pandemic rages overseas, some textile companies in China are suffering a continuing economic loss on foreign trades following the impact of the domestic outbreak.

Hu's company is located in the China Light & Textile Industrial City in Keqiao of East China's Zhejiang Province. As the largest textile distribution center in Asia, the textile city achieved a turnover of 252.689 billion yuan on its online and offline markets in 2019.

But the 2020 prospects are hazy due to the COVID-19 pandemic. According to a recent industry survey, over 78 percent of textile companies in the city feel they are losing orders, and about 65 percent said their customers have canceled orders.

Hu said half of her orders are from overseas customers in European countries and the US, mainly Germany. As the coronavirus infection spikes overseas, her overseas customers either canceled their orders or didn't place new orders, which has hugely impacted her company.

"Some orders from my overseas customers have been produced, but they are now stockpiled in the warehouse," Hu said. "It is hard to evaluate the economic loss currently. We have to wait until the pandemic ends and contact our customers again."

What's worse, domestic supply chain disruptions have continued to test her orders. "Production in dye factories, grey cloth factories have lagged due to the pandemic, which also affected our supplies," she added.

The impact of the outbreak is a chain reaction. Zhou Shuiping, a manager with Shaoxing Baishanchang textile company in Keqiao which produces women's clothing fabrics, told the Global Times some of his garment customers whose products are mainly sold to Japan and South Korea, stopped placing orders since mid-March.

"Usually this is the peak season and we deliver lots of goods every day, but this year there are only a few orders," Zhou said, adding that he has lost more than half of the orders year-on-year.

Foreign trade in China's textile industry started to see decline before the coronavirus surged overseas. According to customs statistics, China's export of textile yarns, fabrics, and products in January and February reached $13.77 billion, down 19.9 percent year-on-year.

Exports of clothing and related accessories reached $16.06 billion, down 20 percent year-on-year.

The demands from overseas markets continue to shrink as overseas companies and factories, and even national borders are being closed in a bid to contain coronavirus. Textile companies in China are seeking a change.

"We are stepping up development on new products for summer outfits to explore domestic markets," Zhou told Global Times. "Fortunately, domestic markets are moving, we are receiving orders for March and April now."

Hu's company mainly produces medium and high-end uniform fabrics, such as public security uniforms, military uniforms, business suits, and women's wear. Now she is considering exploring the domestic fabric market of children's cloth.

China is a major exporter of clothing and textile. 60 percent of the world's clothing materials are produced in China, and 20 percent of the international trade of semi-finished goods such as spinning thread, cloth, and zipper buttons is related to China, according to reports.

Source: globaltimes.cn-Mar 26, 2020

HOME

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Here's How to Shockproof Your Supply Chain Now, McKinsey Says

Right now, crisis management is the name of the game for apparel companies while the pandemic tears up their carefully written scripts and forces furloughs at fashion stalwarts like H&M and Nordstrom, while brands ranging from Zara to Primark reneg billions of dollars of factory orders.

But while weathering the virulent COVID-19 storm has virtually every fashion enterprise at DEFCON 1, companies that make the mistake of failing to plan for the next phases of eventual recovery are missing out on an opportunity to build their most powerful weapon: a shockproof supply chain.

As the coronavirus outbreak lays waste to the global economy, the fashion retail sector is rightly safeguarding employees and making tough decisions to keep their businesses on life support through unprecedented disruption.

But as the dust settles and the new normal takes hold, companies need to focus on getting their supply chains in tip-top shape once the crisis is firmly in their rearview mirror.

A new report from McKinsey & Co. sheds lights on the steps companies can take to review and ready their supply networks. McKinsey partners Knut Alicke and Edward Barriball, along with consultant Xavier Azcue, identify six issues business can address in parallel so they're adhering to governmental requirements while supporting employees when the economy returns to health.

The trio recommends assessing realistic final-customer demand; optimizing production and distribution capacity; estimating available inventory; creating transparency; identifying and securing logistics capacity; and managing cash and net working capital.

By undertaking this analysis, apparel companies can not only fine-tune operations ahead of the inevitable market recovery but also gauge risks in designing a resilient, future-ready supply chain.

Assessing realistic final-customer demand

In fashion, customer demand has plummeted in startling lows. Consumers, understandably, are funneling their dollars toward pandemic snacks and toilet paper—everything they need to survive interminable work-from-home days and streaming-TV quarantine nights.

But even though fashion has fallen out of favor for the moment, demand will all but inevitably return and retailers must be ready to pounce on shoppers' purse-strings. McKinsey suggests fashion demand-planning teams leverage their know-how and analytical assets to figure out what serves as a reliable demand signal and use that to extrapolate reasonable supply forecasts. They should rope in sales and operations planning leads, too, McKinsey added.

"Additionally, direct-to-consumer communications channels, market insights, and internal and external databases can provide invaluable information in assessing the current state of demand among your customers' customers," McKinsey said.

Companies, it recommended, should integrate market intelligence into product-specific demand-forecasting models and leverage dynamic forecast monitoring to react quickly to inaccuracies.

"Making orders smaller and more frequent and adding flexibility to contract terms can improve outcomes both for suppliers and their customers by smoothing the peaks and valleys that raise cost and waste. A triaging process that prioritizes customers by strategic importance, margin and revenue will also help in safeguarding the continuing of commercial relationships," McKinsey said.

Optimizing production and distribution capacity

Armed with data backing up their demand forecasts, companies can draw on that information to optimize production and distribution capacity.

This is the time to test out different capacity and production scenarios and get a sense of financial and operational implications, like what's at stake when production is facing a prolonged shutdown. And companies should also look at which products offer the highest strategic value, especially when measured against health and human safety and earnings potential, not just during both routine operations but also amid lengthy production outages.

Estimating available inventory

Many businesses would probably be surprised to learn just how much inventory they have in their value chains and must to get a handle on their stock position, including any inputs that are available, the McKinsey trio said. After-sales stock should be used as a bridge to keep production running, they added. And having built-in inventory in the supply chain will help companies delay the full impact of halted production should there be another crisis down the road.

McKinsey suggests that companies undertake their inventory analysis while they're evaluating supply-chain transparency. Estimating all inventory along the value chain, it added, facilitates capacity planning during a ramp-up period.

The range of areas to analyze is broad, according to McKinsey. They include: reviewing finished goods in warehouses and blocked inventory held for sales, quality control and testing; identifying spare inputs inventory that could be repurposed for new-product production; and reviewing lower-quality items to gauge if they should be reworked or whether they can be remanufactured with used stock for addressing supply issues.

McKinsey say companies should also check what components or raw goods are in transit and whether some should be accelerated. Businesses should review supply sent to customers or dealers and determine if the stock can be brought back or be created for cross-delivery.

Creating transparency

Enabling visibility and transparency or hypothesizing where inputs or raw components may be sourced from helps to create a supplier-risk assessment and foster discussions with tier-one suppliers in advance of any unexpected delays or shutdowns.

Transparency in multi-tier supply chains means working with operations and production teams to identify what is sourced from high-risk areas that lack ready substitutes, as well as assessing the risk of interruption from tier-two and other-tier suppliers. It also means asking each tier firm who their suppliers are and where they're located, creating information-sharing agreements with the goal of monitoring lead times and inventory levels as an "early-warning system for interruption," the McKinsey experts said. That kind of a set-up will help establish a recovery plan for critical suppliers by commodity.

Where facilities, particularly tier-one suppliers, choose not to provide supply chain visibility, companies can use analytics and other information sources to estimate critical information.

Identifying and securing logistics capacity

While companies should maintain a nimble approach to logistics management, getting a handle on current and future logistics capacity by the transportation-mode trifecta of air, land or sea could become even more important as firms prioritize needs based on capacity and time sensitivity.

Securing logistics capacity could involve pre-booking to minimize exposure to potential cost increases. And to improve contingency planning, "real-time visibility will depend not only on tracking the on-time status of freight in transit but also on monitoring broader changes, such as airport congestion and border closings," McKinsey said.

Managing cash and net working capital

By working through each of McKinsey's six steps, companies can get a grip on their operational reality and figure out where they can free up cash as needed.

Finance experts can look at accounts payable and receivable, and identify where they unlock cash that's tied up in other parts of the value chain. That could mean reducing finished-goods inventory or improving logistics through smarter fleet management.

"Companies will need all available internal forecasting capabilities to stress test their capital requirements on weekly and monthly bases [while] pressure testing each supplier's purchase order and minimizing or eliminating purchases of nonessential supplies can yield immediate cash infusions," the McKinsey group said.

Source: sourcingjournal.com-Mar 26, 2020

HOME

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Fashion Brands Risk Destroying Factory "Partners"–and Their Own Goodwill

Amid what's perhaps the worst crisis this industry has seen, apparel and footwear's burden is falling hard on the supply chain partners that support it.

As retailers and brands grapple with the unprecedented reality of near zero revenue, they must look for all means possible to stay liquid. For many, the simplest way to do so is to reduce inventory liability and just cancel all upcoming orders.

The fashion industry is no stranger to issues of excess inventory and liquidity, even during the bull market. Now faced with a global shutdown, they have little option but to draw down credit lines and cancel all near-term orders—but are brands making business decisions that are both sound and ethical? What are the short and long-term effects of these actions?

It seems like yesterday the fashion industry was consumed with corporate social responsibility and sustainability, a better world for our consumers, our workers and our factories. What remains of these conversations now? Has the industry been reduced to survival of the fittest?

In a week's time, $1.5 billion worth of already placed orders have been cancelled in Bangladesh, potentially putting more than four million workers at risk. Whether coming from already troubled retailers, small specialty retailers, fast fashion leaders, large discounters, popular e-commerce sites and even luxury fashion—all have cancelled major orders and the pile-up of lost businesses may be too much for Bangladesh's ready-made garment sector to stomach. The whole world has used this industrious country for economic gain, arbitrating their cheap labor advantage for years to yield profits at all costs, and now we are truly realizing the very high cost of low cost fashion.

It has been nine or 10 days since I have been working from home, and the phone calls from factories and agencies increase each day. No country or factory is immune from knee-jerk reactions.

While I can understand retailers' need to conserve cash amid the crunch that coronavirus has fueled for the industry, the short-sighted and unconsidered approach is concerning.

On Monday, the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Rubana Huq, released a video appealing to brands to face this time as the "partners" they have purported to be. "All we have is hope and trust in our future together," she said. Brand X cancelling out everything not shipped, is not the way. Designer Y, et al, asking for a federal bailout is also not the way.

The world is battling COVID-19 together. No one can outsmart this virus. We can continue to compete in the shopping aisle with the best product and marketing. But we must come together and have some pre-competitive collaboration if we hope to have factories to work with when this calamity is all over.

Millions of your workers can hardly go days with no money–and forget months. When orders that are ready to ship are cancelled, you are crushing the factory. How do they pay for the fabric? How do they pay the workers? If fabric was imported, what about that factory and those workers? What about fabric that has been produced for orders that you no longer want? Most factories work on a month to month basis. If orders start to flow in June, many won't get paid until the fall. Most factories do not have the reserves to float workers and expenses for that span. We must find a middle ground, a solution to get workers paid, a way to cover raw materials.

As Huq has pleaded, do not stop the supply chain, do not simply walk away from commitments. Find a way to pay, defer, work on a plan with your vendors.

A mass email to all your vendor partners alerting them of cancellations seems like an easy way out of this liability. These emails have been increasing daily, too, but I have spoken to company leaders who at once seemed unbreakable and who are now on the verge of tears. Never mind that their own livelihoods will evaporate, it's the burden of their workers' lives that is weighing them down now, and the industry's total lack of regard for that responsibility.

Not only are companies bankrupting the very people needed to create and deliver product, they may also be putting themselves in a financially unsustainable situation.

Some companies are just experiencing a cash crunch, but are financially sound at the core. In a recent CNN interview, AMC CEO Adam Aron said the company needs loans because the coronavirus pandemic has forced all

AMC theaters to close. The only way to survive, he said, is by getting liquidity from the government. AMC was a strong company in 2019, with roughly $5.5 billion in revenue and $770 million in earnings. This past week, it blew through $30 million in operating expenses, with exactly zero revenue. At this rate, they will burn this cash and a lot of it. Everyone asking is asking the banks for help and the banks can't fund everyone, so the government needs to step in. Aron isn't asking for a bailout, but a loan to pay back with interest.

Why do I bring this up? AMC's business isn't much different from others in our industry that have been quick to draw down on their lines of credit. Macy's drew down $1.5 billion last week. And they are not the only ones. Will the balance sheets of many brands and retailers allow them to repay the debt with interest? Were their businesses sound before COVID-19? Who is going to cover these debts?

What's more, who's doling out the next round of cash to the direct-to-consumer ventures? Are the days of cash flow negative customer growth brands dead? Who is going to help Simon when mall retailers claim they can't pay rent? Which private equity firms are preparing to pounce on undervalued assets?

We are going to see true entrepreneurs and leaders emerge. Those trying to manage back to the "old way" may find no stores to return to in a few months. Of those that do survive, most will be on life support.

No one is coming out of this unharmed, but how we treat each other, and our partners, will be remembered long after this virus passes. You cannot control many things at the moment, but you can ensure you have a reputation that can last, because that goodwill may be the most important currency left to trade.

Source: sourcingjournal.com-Mar 26, 2020

HOME

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Virus War and the Textiles Sector

Advanced textiles to apparel manufacturers are turning to their own creative ways to support the fight against the invisible enemy.

As the coronavirus is a novel strain, vaccines and medications are not yet readily available to treat the infected, good hygiene practices will play a greater part in preventing its transmission.

Textiles sector has received greater attention from governments to work on a wartime footing and deliver important items such as face masks, nose shields, personnel protective equipment and wipes.

Major manufacturers like Nike, Apple to small business entities like Chantilly-based First Line Technology, LLC have geared up their efforts to deliver preventive countermeasures.

Creativity has become the name of the game. Apparel industries are repurposing their regular lines to create masks. Hanes Company has come-up with a 3-ply cotton structure that can be used as masks. 3M Company has doubled its global production of N-95 respirators to 1.1 billion, with a monthly production of 100 million.

Covid-19, the disease due to the new coronavirus is highly transmittable and is spread by air droplets and through bodily fluids containing the virus. However, porous structures like textiles seem to be better to contain than hard surface.

Experts say the virus can stay on surface like textiles for 24-72 hours, but they get absorbed into the structure, which is important for containment. So single use-wipes and protective materials will be ideal, however there is an acute shortage of these critical needs.

Dry and wet wipes could help to decontaminate the surfaces. Dry wipes like FiberTectTM can play its part as a countermeasures tool. “It is widely used as the primary dry decontamination method in hospitals and ambulances,” said Corey Collins, a training specialist for First Line Technology, which markets FiberTectTM. “Hospitals use it in bulk and in rolls, and ambulances use it in a kit called the FastGrab to do immediate decontamination of patients contaminated with a wide variety of substances.”

University laboratories are also contributing to the great cause and are using their 3-D printing capabilities and machine tool laboratories to develop face masks and face shields. Additionally, they are providing available supplies from their laboratories such as gloves and face masks to the front line defenders.

“For those who have PPE in laboratory, specifically disposable gloves and N-95 face masks, we want to make an appeal for you to donate these materials to a campus-wide repository we can use to help resupply healthcare providers,” stated Joseph Heppert, Texas Tech University’s vice president for research and innovation in an e-mail to TTU campus community.

Textile sector needs to be collaborative at this critical juncture and use its ingenuity in coming up with supplies that are needed to save lives.

Texsnips’ editor wishes safety and good health to all, as we collectively work to find immediate solutions to counter the virus pandemic. Our heart-felt thanks to all those who are at the front lines in saving lives.

Source: textilevaluechain.in-Mar 25, 2020

HOME

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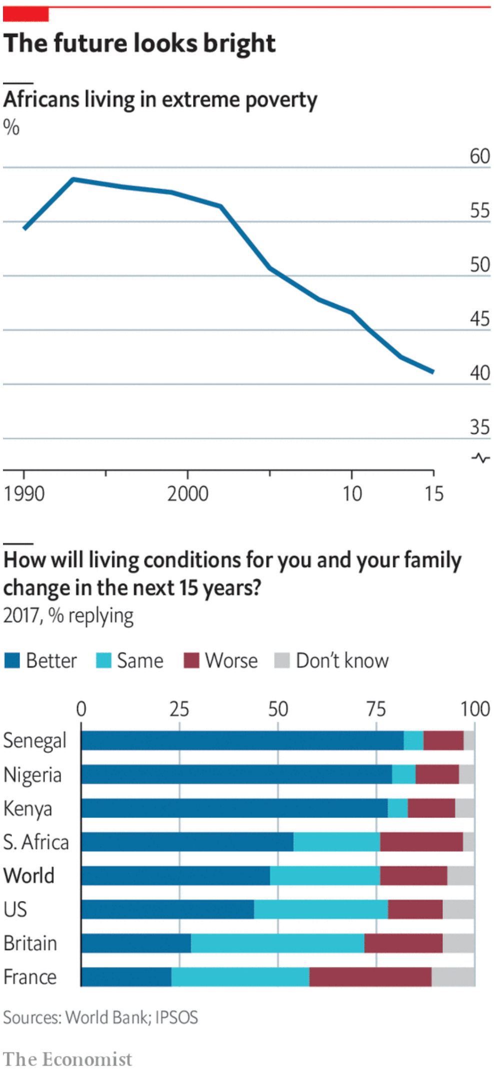
Many of Africa’s economies are doing well

PASSING THROUGH the gate leading into the Hawassa industrial park feels a bit like crossing a boundary between Africa’s past and a vision of its future. On one side three-wheeled tuk-tuks beep their horns as they swerve around pot holes on the main road running through this southern Ethiopian town. On the other side smooth asphalt forms geometric grids around the rows of new factory buildings that represent one of Africa’s boldest attempts to industrialise by following in the footsteps of Asia.

The park opened three years ago, yet it already employs almost 30,000 people and has plans to double. Most of the young women working in it make clothing for companies such as PVH, which owns brands including Tommy Hilfiger and Calvin Klein. Selamawit Malkato, 20, had never seen a factory until she came to Hawassa. But last year she stood with scores of other hopefuls outside the park’s gates. Her sister already had a job inside, stitching shirts. The days are long; the pay low; the bosses strict. Still, Ms



Selamawit travelled 60km from her home village looking for work in firms attracted by a supportive government and duty-free access to American markets. "Being a large player in the apparel industry we need to give it a go," says Vinod Hirdaramani, a Sri Lankan businessman who has opened a garment factory in the park. "It's one of the last frontiers of apparel making."

For all the rapid growth in Hawassa and the many other industrial parks that Ethiopia is building, a cloud hangs over its industrialisation strategy. Turnover of employees is high, productivity has been lower than expected and exports are growing more slowly than hoped. To be sure, some of this may just be the high costs of establishing new industries far away from their markets and suppliers and without a ready pool of experienced workers. And the gap between transport costs in Africa and established manufacturing centres is narrowing, argues Dirk Willem te Velde of the ODI, a think-tank in London.

Some of the gloom is over a more fundamental question: will export-led manufacturing play a big role in Africa's economic growth or has the continent missed its chance because automation will give many manual jobs to machines? The question is important because governments have to decide where to invest scarce resources—in ports and railways to foster manufacturing, for instance, or fast internet cables and film schools.

Most successful economies eventually move away from manufacturing towards services. Dani Rodrik, an economist at Harvard, argues that Africa's are at risk of doing so without first having gone through a phase of industrialisation. The risk is that this "premature de-industrialisation" could leave many African countries unable to produce the good jobs and economic growth needed to catch up with the rich world.

Yet such a gloomy outlook seems to be at odds with what is happening on the ground. Although manufacturing's share of GDP is shrinking in much of the rich world, it has increased in Africa from a low of 9.4% in 2011 to 11% in 2018. Though there are questions about the reliability of those manufacturing data, it is clear that exports are rising sharply. The value of textiles and clothing leaving Ethiopia has jumped about ten times since the early 2000s, and about five times in Kenya and Uganda.

The outlook for Africa's economies is more nuanced than simply a question of them doing more manufacturing or staying poor. Many countries are expanding into areas that economists are starting to call "industries without smokestacks". Some, such as flower-exports, may not be classified as manufactured goods in export statistics.

But the process of making them looks a lot like factory work and demands many of the same management skills. John Page at the Brookings Institution, a think-tank, argues these industries also deliver many of the benefits of normal manufacturing, including lots of jobs. Kenya's flower industry employs up to 70,000 people. Horticulture in Ethiopia provides 180,000 jobs. They are also growing quickly. Kenya's exports of cut flowers to Europe are worth almost $700m a year, up from $134m in 2000.

"Africa has a massive opportunity as a low-cost provider of services"

Moreover, many are starting to export more services, such as running call centres. South Africa, the continent's most developed industrial economy, sold services worth more than $16bn to the world in 2017, against $10bn worth of car exports that year. Some 40,000 people are employed in South Africa doing back-office work, mostly for foreign companies. Its industry has been growing by more than 20% a year, because it has millions of educated English-speakers and a time zone that makes it easy to work for Europe, Asia and America.

Although operating costs are about 50% higher than in India or the Philippines, South Africa is able to provide lawyers or chartered financial analysts who do complex work remotely for law firms or banks, reckons Everest, a consulting firm. "Africa has a massive opportunity as a low-cost provider of services," says Yasmin Kumi of Africa Foresight Group. Creative industries such as music and film are booming, too, with African musicians filling stadiums in the rich world.

The choice for governments over which path to back is not as stark as it might seem. Faster internet connections are good for the whole of the economy, not just firms employing people doing digital jobs. A study by Jonas Hjort and Jonas Poulsen found big jumps in employment after countries were connected to undersea internet cables.

Many of the things that governments should be doing anyway, such as investing in primary-school education or liberalising electricity markets, are good for growth of both sorts, says Stefan Dercon, an economist at Oxford University.

Whichever path Africa ends up taking, its progress will be shaped by two powerful forces: a fast-growing middle class with rising spending power; and the growing integration of Africa's markets. Start with the middle class. There is plenty of disagreement about how big this group is. The African Development Bank decided that about one-third of Africans were middle-class since they could spend the equivalent of $2-20 a day.

Pew used a higher definition ($10-20) in 2015 and decided just 6% of Africans were middle class. Fraym, a data firm, looked at what people own (such as fridges) and how educated they are and concluded that Africa has a "consumer class" of 330m people spending $1.6trn a year.

Whatever the exact number, there is little doubt that it is growing quickly, pulled upward in a group of countries that are growing steadily richer. To see them one needs to first strip out oil producers such as Nigeria and Angola, which have been hit by lower prices. Then one needs to look past South Africa, where growth has been slammed by a decade of on-off power cuts caused by rampant corruption in the state-owned electricity utility.

Admittedly this excludes some big countries, but those that are left, which together make up about half of sub-Saharan Africa's economy, will have notched up average growth rates of 5-6% a year for the past decade. Some, such as Ethiopia, had average growth of more than 10% between 2010 and 2015. Income per person there has jumped 70% between 2010 and 2017.

African firms still face many difficulties catering to this source of home-grown demand. Domestic firms operating in Africa's fragmented markets are often unable to get economies of scale that competitors in Asia reach.

They are also held back by chronic shortages of electricity (some 600m people on the continent are not plugged in), potholed roads and inefficient ports. “The biggest problem is the continent’s inability to develop value chains,” argues Khaled Sherif of the African Development Bank. “Africa exports oil but imports gasoline, it exports cocoa beans and imports chocolate.”

This may begin to change thanks to efforts to make the world’s largest free-trade area, scheduled to come into effect in July. Only 17% of African countries’ trade is with each other, compared with intra-regional trade of 60-70% in Asia and Europe.

The United Nations Conference on Trade and Development (UNCTAD) reckons that the elimination of tariffs on trade within Africa would boost GDP by about a percentage point. More importantly as African firms export to neighbouring countries, they can specialise and also learn to become more competitive in global markets as Morocco has done with carmakers and aerospace firms. “Each plane that’s flying now has something from Morocco,” says Mohcine Jazouli, the deputy foreign minister. “Sometimes it’s a piece of an engine, sometimes it’s a piece of the seat, sometimes a cable, but whatever it is, it has been produced in Morocco.”

Another change is the emergence of a startup culture. Last year venture-capital funds invested about $1.3bn in new African firms, an increase of more than 600% over the $200m invested in 2015. It may take a while for economists to work out what building blocks went into this startup boom, but one must be the rising number of educated youngsters—enrolment rates in tertiary institutions across Africa almost tripled to 16% between 2000 and 2016.

Investing in a business anywhere is always a gamble. But in many parts of Africa the risks are needlessly exacerbated by governments. Foreign investors who have seen regular debt crises in many African countries assume that their returns will be diluted by currency devaluations. Many worry about corruption, civil conflict or that their businesses will be expropriated. The big difference between countries that are doing well and those that are not is how well they are governed and how stable they are.

Source: economist.com- Mar 26, 2020

HOME

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Riding out virus storm: Dhaka seeks budget support from multilateral lenders

Finance minister AHM Mustafa Kamal on Wednesday urged four major multilateral donors to extend budgetary support to help the country's economy tide over the pandemic impact.

He also asked for emergency response and support to combat the new coronavirus from the development partners, officials at the Economic Relations Division, or ERD, said on Wednesday.

The minister did not seek any specific amount from the development partners such as the International Monetary Fund, or IMF, the World Bank, or WB, the Asian Development Bank, or ADB, and the Asia Infrastructure Investment Bank, or AIIB at the teleconference yesterday, a senior official told the FE.

The two global and two Asian lenders have responded positively to Bangladesh's call, saying they are working out the possible support mechanism for their member countries, including Bangladesh, said the official asking not to be named. Mr Kamal went live with officials of the IMF, WB, ADB and the AIIB from the ERD office in Dhaka.

He took part in the video conferencing on "Macroeconomic and policy implication on the novel coronavirus crisis for the South Asia region" along with the four donors, finance ministers and secretaries from South Asian countries.

Presided over by the WB's South Asia vice president Hartweigh Schafer, the conference was attended by senior executives from the headquarters of the four development partners, and the ministers and secretaries of the eight South Asian countries.

The finance minister briefed the development partners about the coronavirus impact on the Bangladesh's economy, an ERD official said.

He also highlighted the cancellation of export orders of textiles and clothing sector and the possible effects on remittances and revenue earnings in the aftermath of the virus that causes Covid-19 illness, said the ERD official.

Quoting the ADB's projection of possible loss of equivalent to 1.1 per cent of gross domestic product, GDP, due to the pandemic, the minister said Bangladesh economy has been growing at more than 7.0 per cent over the last three years, which could be affected this year.

"When we are on-track to achieve the Sustainable Development Goals by 2030, this time the impact of the coronavirus is likely to restrict our smooth transition. So, we need help to overcome the impact," Mr Kamal said.

He said, "A country alone could not be able to weather the effects of the deadly impact of the virus."

He expressed the hope that the development partners, especially the IMF and the WB, would come forward with their extended support to Bangladesh.

Meanwhile, a senior ERD official said this meeting was a multi-dimensional approach of the South Asian nations and development partners for taking possible steps to respond to the impact on the macro-economy.

"The development partners and all other countries have agreed that the impact will be dire and every country needs help from the development partners. Now we will assess our potential needs," he told the FE.

"We need the budgetary support. The Finance Division will assess the necessity and then the government is likely to seek a certain amount of financial assistance from the World Bank and the IMF," he added.

Already, the IMF has announced a US$50 billion, the WB $14 billion, and the ADB $6.5 billion financial package for responding to the impact of the virus outbreak across the globe.

Source: thefinancialexpress.com.bd- Mar 26, 2020

HOME

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Bangladesh: Germany assures support to Bangladesh’s garment exporters

BKMEA says members can shut factories if they don’t have enough work orders

Gerd Muller, Germany's federal minister of economic cooperation and development, on Tuesday assured that Bangladesh's garment sector will have his country's full support in coping with the coronavirus fallout.

Muller issued this notice in response to a letter from Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Huq wrote to the minister on Sunday, urging him to request German retailers to not cancel their work orders with Bangladeshi factories. Soon after the coronavirus pandemic began, apparel retailers in the west began to cancel their work orders with Bangladeshi manufacturers.

As of 6:00pm yesterday, the total value for work orders cancelled from 936 factories stood at $2.58 billion while it was $2.25 billion the day before, according to BGMEA data. Work orders for about 800.18 million pieces of garment products have been cancelled so far, affecting the lives of 1.92 million workers, the BGMEA said.

"I greatly hope that we can find an approach that will safeguard the textile industry's survival in both Bangladesh and Germany since millions of people work in that sector," Muller said in a letter.

In order to cushion the pandemic's impact on production-based countries such as Bangladesh, Germany is currently evaluating a number of support measures aimed at ensuring that firms are able to remain in business and safeguard the jobs and incomes of their workers, the response continued.

In an emergency situation such as this, the demand for apparel products, particularly protective medical clothing, is changing, he said.

"I hope that for the interim, Bangladesh will receive orders for these products," Muller said, adding: "Bangladesh is one of the most important partners to the German textile industry and I understand all of your concerns."

The COVID-19 pandemic has had a particularly hard impact on Germany's garment sector with some companies having reported even 70 per cent drop in consumer demand.

The BGMEA's German counterparts fear that almost a third of the country's textile industry is under threat of total collapse.

What makes the situation even more difficult is that it remains uncertain when the coronavirus pandemic will subside.

"Let me assure you that I share your concerns regarding the social distress and the threat to garment factories and their workers in Bangladesh. I response to your letter, I am informing you about my intent to pass your urgent request to the representatives of the German textile industry," Muller said.

Earlier this week, the BGMEA issued a letter to the Prime Minister's principal secretary, seeking banking and policy support to help face the challenges brought on by the pandemic.

In the letter, the BGMEA said that due to work order cancellations, the apparel manufacturers will find it very difficult to make payments on letters of credit, wages and utility bills.

Therefore, the BGMEA seeks all forms of government support, including the provision of an interest-free loan with a tenure of three years within the next six months.

In a notice, the BGMEA said that member factories are continuing production.

Besides, the head offices of those factories are also open to aid production and support workers.

Garment factories are excluded from the purview of the government declared general holiday, the BGMEA notice said.

However, the BGMEA also urged companies to take adequate safety measures if they keep their factories operational during the ongoing coronavirus outbreak.

In a separate notice, AKM Salim Osman, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), suggested that member factories should shut down if they do not have enough work orders.

Factory owners should make wage payments to their workers in a timely manner to avoid any kind of labour unrest, Osman added.

Source: thedailystar.net - Mar 26, 2020

HOME

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Bangladesh: COVID FightBack: Bangla Tk 5000cr package for export units

Prime Minister Sheikh Hasina yesterday announced a stimulus package of Tk 5,000 crore to help export-oriented industries fight the impact of COVID-19. In a televised address to the nation, she said the fund can be used only for paying wages and allowances to the workers and other employees. The government is prepared to tackle any ‘tough situation’, she said.

The Bangladesh Bank has announced that no one will be considered a loan defaulter till June. A nationwide lockdown has also been imposed. “The supply chains (of products) in the country and with outside world remain intact. So don’t hike the prices of the essential goods irrationally and increase the sufferings of the people,” she urged.

Hasina said the country is self-reliant in food as sufficient grains are stored in government warehouses, private mills and in farmers’ homes, according to Bangla media reports.

Preventing people from being infected with the virus is now the government’s highest priority, she said, offering details of steps being taken.

Source: fibre2fashion.com - Mar 26, 2020

HOME

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BGMEA urges shutdown of RMG factories till April 4

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday urged its members to close garment factories till April 4 amid deteriorating coronavirus situation in the country. In an open letter to its members, BGMEA President Rubana Huq urged garments owners to close their factories to avoid the risk of coronavirus spread amid continuous cancellation of orders from foreign buyers.

The BGMEA currently has more than 2,000 members. In her letter, the BGMEA chief said, "On the occasion of the Independence Day and National Day, our Prime Minister has given us some directions. She called for some conscious steps for the safety and well-being of all."

"The prime minister directed us to stay at homes to discharge our responsibilities at this critical juncture. As the RMG is the largest industry of the country, we should set an example by following the directives of the prime minister," said Rubana.

"To follow the directions, I hope the factory owners will close their factories," she said.

In a separate statement, the BGMEA chief said the factories that are planning to make PPE are encouraged to remain

open and their workers can move for work. When asked about the BGMEA chief's message, owner of an RMG unit, preferring not to be named, said that they have received the letter.

"However, the letter was a request and it did not order us to close factories. We will take a decision in this regard after holding discussions with other owners," he said.

Earlier on Wednesday, Prime Minister Sheikh Hasina announced a Tk 5,000 crore stimulus package for export-oriented industries including the RMG to fight the impact of coronavirus on the economy.

"I'm declaring a stimulus package of Tk 5,000 crore for export-oriented industries which could only be used for paying salaries and allowances of their workers and employees," she said in her address on the eve of the Independence and National Day 2020.

Immediately after the premier's announcement, BGMEA President Dr Rubana Haque in a video message expressed her heartfelt gratitude to the prime minister for declaring the stimulus package.

Global buyers have cancelled orders worth at least $2.65 billion of readymade garment products from Bangladesh as many top fashion brands have shut their stores in Europe and North America amid coronavirus outbreak and lockdowns, according to BGMEA sources.

As of yesterday, 954 factories have reported that the buyers cancelled orders of 822.91 million pcs of clothes (worth $ 2.65 billion) which will directly affect nearly 1.94 million workers, the source added.

Source: theindependentbd.com - Mar 27, 2020

HOME

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Pakistan Lockdown Idles Factories—Where Orders Had Shriveled Up

There's a new kind of supply chain disruption in 2020—and it's the kind that could leave destitution in its wake.

In the past week, key sourcing countries, including India and Bangladesh have put country-wide lockdowns or stay-at-home orders in place, and Pakistan has done the same.

Monday marked the beginning of a two-week lockdown that has all factories in the country, as well as other business producing or selling non-essentials, closed completely. Only medical, food and pharmaceutical facilities are still in operation, in addition to some gas stations and banks that remain open.

While the World Health Organization (WHO) has Pakistan's confirmed cases at 991, with 104 new COVID-19 virus infections reported in the past 24 hours, local sources say the number of infected persons is closer to 1,100. And the country is trying to stanch the spread.

"All over Pakistan it's a complete lockdown in all the provinces everywhere," Hafiz Mustanser Ahmed, managing director of Lahore-based factory U.S. Apparel & Textiles, told Sourcing Journal Thursday. "The transportation when it comes to taking the employees to the factories or the public transportation, it's all 100 percent closed. All the factories are closed."

For now, moving goods back and forth between the ports and Lahore, Pakistan's second-biggest textile manufacturing hub after Karachi, is still allowed, but there simply aren't many goods to move, said Ahmed, whose factory produces denim bottoms for Levi's, Target, H&M, J.Crew, Primark and Costco, to name a few.

As has been the case in Bangladesh, western brands and retailers are cancelling already placed orders to cut costs and avoid a pile-up of inventory that can't sell in stores that aren't open to shoppers who aren't leaving home—though that pales as a problem when pitted against an industry of low-wage workers who may struggle to eat in the interim.

U.S. Apparel & Textiles, which typically produces 100,000 garments a day, is seeing "huge, huge" order cancellations, Ahmed said.

"Other than the work in process, they have cancelled all the orders which we haven't cut, or they have held all these orders," he said. "For the work in progress, everybody is saying 'wait and we will tell you when we want it.' If there was any product ready for dispatch, by 90 percent of customers it is on hold."

Things are similar from Guido Schlossman's perspective.

"Most clients have either cancelled or put orders on hold," said the president and CEO of Synergies Worldwide, a global supply chain management firm with key offices in Bangladesh, Pakistan and India, as well as in China, Thailand and Vietnam. "That would have huge ramifications and losses, and the fear is that most small factories may shut, whereas the mid and big factories will have huge financial liabilities and losses."

With COVID-19 increasingly plaguing both the U.S. and Europe, many brands are telling the factory it will be at least another four weeks before they can say anything more on the matter of their orders, and as long as another three months before they may see their retail stores reopen. In some cases, they're putting placements off even longer.

"Ninety-five percent of clients have either cancelled, put on hold or given new delivery dates ranging from 4-6 weeks delay to about 8-10 months," Schlossman said. “That is how huge the holding period and losses would be for the factories.”

Owed to those cancellations, factories had less than 5 percent of their regular orders to work on even before the lockdown took effect, according to Schlossman.

“Factories would or have started to shut lines or units, thus laying off workers,” he added. “It’s already started and would increase if things don’t start improving at buyers’ end.”

The government of Pakistan has required that all factories pay their workers full wages for the month of March “at any cost,” according to Ahmed, but whether factories will have the capacity to do so next month remains to be seen.

“The problem is that in March we were able to dispatch only 35 percent of the total capacity…and 65 percent of the product is actually in house [with] no movement,” he said. “Looking at the orders we have from government, we are going to pay all the workers for month of March…for April [after] everything is closed, let’s see what happens.”

Regardless, layoffs are certain.

“It will happen. Nobody can stop this,” Ahmed said. “In this part of the world, where Pakistan is operating, where Bangladesh is operating, the governments are not rich at all so they don’t have that much sufficient funds available with them. They won’t be able to pay for the salaries for them… For the workers who are on the piece rate, it’s going to happen because there are no pieces to produce, and the workers on the daily rate, it’s going to happen, and the workers who are on the salaries, it’s going to happen there as well.”

In the coming days, the government is expected to announce details of support package for workers, which could include food rations and subsidies for utilities. Factories, however, may not see funds to help facilitate their operations, though Schlossman said some duty refunds are being paid back to factories to partially ease the financial impact.

For now, retailers who are still willing to accept goods they had ordered, the government in Pakistan is making concessions to certain factories to deliver them.

“If you have a product that is almost ready for dispatch and if my customer is accepting the product, [the government] is allowing us to partially operate the factory to deliver those goods,” Ahmed said, noting, however, that the allowance is granted by application and under strict rules for the temporary operating period. Workers cannot stand too close to one another, buses shuttling them from home to work can only transport a limited number of passengers, the factory must have thermometers on hand to take workers’ temperatures, and immediately on dispatching the goods, the closure goes back into effect.

It may be too early yet to tell how far-reaching the impacts will be for Pakistan’s garment sector, but the setback won’t be small.

“It’s a pity as February 2020 garment exports increased by over 20 percent, an all-time record. March to June it would have a huge impact and one can expect very little export—I would think slashed by at least 60 percent to 70 percent,” Schlossman said. “If things move as planned June onwards, then we could partially start recovering. However, generally, the opinion is that because of all this going on, the apparel export in 2020 could overall drop by 30 percent to 40 percent compared to 2019. That is a huge loss.”

The next 10 days, he added, will be critical for Pakistan as COVID-19’s spread over the period could significantly change conditions in the country—including determining how quickly factories and businesses can resume operations.

“Right now, there is absolutely no visibility [into] when this is going to finish or when [business] is going to start again,” Ahmed said. “When you end up into a hard time and when you see some light at the end of the tunnel, that’s when you start getting your energy back, but right now what is happening, it’s all dark.”

Source: sourcingjournal.com - Mar 26, 2020

HOME

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Vietnam: Garment, textile industry might lose VND11 trillion due to job losses

The Vietnam National Textile and Garment Group (Vinatex) on March 25 informed that Vietnam's garment and textile industry might suffer a loss of up to VND11 trillion if export orders continue to be halted, delayed and cancelled.

According to the report, from mid-March, the export orders of garment and textile enterprises were continuously canceled, suspended, and temporarily halted, leading to a shortage of jobs in April and May this year.

The larger the brand is, the higher the reduction ratio is and there is no sign of recovery. This situation leads to high pressure on garment and textile enterprises in terms of both finance and labor.

If there is no policy adjustment, many enterprises may lose liquidity by the end of April this year. The unemployment rate will be from 30 percent to 50 percent in April and May this year, according to the Vinatex.

The estimated loss of Vietnam's garment and textile industry will be up to above VND5 trillion if 30 percent of workers are unemployed in April and 50 percent of workers are unemployed in May. If the situation lasts longer, the industry will lose up to VND3 trillion every month.

Besides, the industry has been importing around US$1.5 billion worth of raw materials every month.

If 20 percent of orders are canceled, $300 million worth of raw materials will not be used that might become inventories that are difficult to circulate.

It is estimated that the total inventory in April and May this year of the industry will lose 50 percent of the value, equivalent to around $300 million. Vinatex alone will lose about $24 million.

The Vinatex assumed that if the Covid-19 pandemic ends at the end of May and the economy recovers from June this year, it is estimated that Vietnam's garment and textile industry will suffer a loss of VND11 trillion and the group will lose around VND1 trillion.

In the meeting on March 25, the Vinatex asked its members to seek opportunities to produce export products for the prevention of the disease, such as face masks, medical clothes using antimicrobial fabrics, and single-use clothes from nonwoven fabrics; apply a flexible working regime, reduce working hours to around 32 to 40 hours per week after reaching an agreement with workers; reduce expenses, delay investment; ask for exemption or delay of the payment of social insurance, unemployment insurance, and union dues.

The group will propose the National Assembly, the Government and relevant ministries and departments to allow the export of face masks and clothes for the prevention of the disease; ask the State Bank of Vietnam and commercial banks to extend loans.

Source: sggpnews.org.vn- Mar 26, 2020

HOME

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NATIONAL NEWS

FM Nirmala Sitharaman announces Rs 1.7 lakh crore relief package for poor

- Insurance cover of Rs 50 Lakh per health worker fighting COVID-19 to be provided under Insurance Scheme
- 80 crore poor people will to get 5 kg wheat or rice and 1 kg of preferred pulses for free every month for the next three months
- 20 crore women Jan Dhan account holders to get Rs 500 per month for next three months
- Increase in MNREGA wage to Rs 202 a day from Rs 182 to benefit 13.62 crore families
- An ex-gratia of Rs 1,000 to 3 crore poor senior citizen, poor widows and poor disabled
- Government to front-load Rs 2,000 paid to farmers in first week of April under existing PM Kisan Yojana to benefit 8.7 crore farmers
- Central Government has given orders to State Governments to use Building and Construction Workers Welfare Fund to provide relief to Construction Workers

The Union Finance & Corporate Affairs Minister Smt. Niramla Sitharaman today announced Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor to help them fight the battle against Corona Virus.

While addressing the press conference here today, Smt. Sitharaman said "Today's measures are intended at reaching out to the poorest of the poor, with food and money in hands, so that they do not face difficulties in buying essential supplies and meeting essential needs."

The Minister of State for Finance & Corporate Affairs Shri Anurag Singh Thakur was also present besides Shri Atanu Chakraborty, Secretary, Department of Economic Affairs and Shri Debashish Panda, Secretary, Department of Financial Services.

Click here for more details.

Source: pib.gov.in- Mar 26, 2020

HOME

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Covid-19 stimulus package: Centre's Rs 1.7-lakh crore no match for global response

India's allocation is at 0.8 per cent of GDP; most other countries have spent much more

With Covid-19 having massive social and economic impact across the globe, several emergency fiscal and monetary measures have been taken by central banks and governments the world over to tackle the crisis.

From announcing massive economic fiscal stimulus packages to emergency monetary policy actions, various countries have been dealing with the pandemic on a war footing.

In India, Finance Minister Nirmala Sitharaman has announced a ₹1.7-lakh-crore stimulus package under the Pradhan Mantri Garib Kalyan Yojana. The plan includes cash transfers, measures on food security, free cooking gas to the poor, and insurance cover of ₹50 lakh to healthcare workers. The much-awaited (and delayed) stimulus package constituting about 0.8 per cent of FY20 GDP (PM Kisan, though, is part of the Budget) not only fails to address the urgent needs of smaller businesses, but also pales in comparison with the massive measures taken by other governments world over.

Data put out by IMF (policy tracker) that summarises key economic responses across the globe, as of March 24, suggest that India is way behind the curve on both fiscal and monetary policy measures compared to other nations. India's 21-day nationwide lockdown, however, is one of the more stringent containment measures.

Falling short

The lockdown, which has impacted the movement of goods and people across States, has already led to shortages in food and vegetables. With banks also planning to close most branches, there could be more pain for the common man in the coming weeks. In light of this, the Centre's relief package offers only little respite to the poor. For instance, over and above the 5 kg of rice/wheat that is already given, another 5 kg per person will be given free through PDS.
Given the restrictions in place, there could be logistics and implementation issues. Cash is the need of the hour for the poor who have been hit hard by the three-week lockdown.

While the Centre has announced cash transfer to Jan Dhan accounts held by women, it only covers half the beneficiaries under Jan Dhan. The payment of ₹2,000 under PM Kisan is only front-loading the benefit already set aside in the Budget.

Also, the increase in daily wages under MGNREGS, from ₹182 to ₹202, allowing EPF withdrawal for organised sector workers and doubling the collateral-free loan limit to ₹20 lakh to self-help groups, barely scratch the surface in addressing the Covid-19 impact on the poor sections. The plan offers no relief for small businesses, which is a huge disappointment.

What others have done

Several countries have announced massive stimulus packages to tackle the crisis. For instance, in the US, an $8.3-billion Coronavirus Preparedness and Response Supplemental Appropriations Act and a $104-billion Families First Coronavirus Response Act (together 0.5 per cent of GDP) have been announced for healthcare, sick leave, small business loans, and international assistance. A $2-trillion (around 10 per cent GDP) package has also been passed by the Senate.

In China, an estimated RMB 1.3 trillion (or 1.2 per cent of GDP) of fiscal measures have been approved. These include spending on epidemic prevention, production of medical equipment, accelerated disbursement of unemployment insurance and tax relief, and waived social security contributions.

In Italy, the government has adopted a €25-billion (1.4 per cent of GDP) emergency package, including measures to preserve jobs and support income of laid-off workers and measures to support credit supply aimed at unlocking about €350 billion (20 per cent of GDP) of liquidity for businesses and households, among others.

In Indonesia, the government has announced two fiscal stimulus packages amounting to 33.2 trillion rupiah (about 0.2 per cent of GDP).

This first package comprises support to the tourism sector (tax cuts and discounts on airplane tickets and jet fuel) and to low-income households. The second package includes income tax exemptions to workers in the industrial sector and support to businesses through delayed payment of income tax.

In Brazil, the authorities have announced a temporary income support to vulnerable households, temporary tax breaks and credit lines for firms with the aim of protecting employment, among other measures.

In India, the government had earlier announced ₹15,000 crore (about 0.1 per cent of GDP) for health infrastructure. Some stimulus measures have been announced at the State level, the largest a ₹20,000-crore package in Kerala (2.5 per cent of the state GDP), which includes some direct transfers to poor households. At the national level, several measures to ease the tax compliance burden across a range of sectors were announced earlier.

Including the ₹1.7-lakh-crore relief package announced on Thursday, measures taken by the government clearly fall short of those taken by other countries — both in terms of the quantum and extent of benefit, particularly to daily-wage earners, migrant workers and small businesses.

Weak response

On the monetary policy front, too, India has been way behind the curve. After lowering federal funds rate by 150 bps, the US Federal Reserve went full throttle on Monday, announcing massive emergency measures — unlimited bond-buying programme, new credit facilities and a Main Street Business Lending Program to support small- and medium-sized businesses (SMBs).

The credit facilities — for new bond and loan issuance to provide liquidity for outstanding corporate bonds and support the flow of credit to consumers and businesses — will be provided by special purpose vehicles (SPVs). The Department of the Treasury, using the Exchange Stabilisation Fund (ESF), will make an equity investment ($30 billion) in the SPVs, which will have a multiplier effect, providing $300 billion in new financing.

The Bank of England reduced the bank rate by 65 basis points, expanding the central bank’s holding of UK government bonds and non-financial corporate bonds by £200 billion. The ECB, aside from additional asset purchases of €120 billion until 2020-end, also announced an additional €750-billion asset purchase programme of private and public sector securities, among other measures.

In India, the RBI has so far provided additional liquidity through long-term repos and open market operations (OMO). Given that the banking system is in doldrums, providing liquidity alone will not suffice. A sharp cut in the repo rate, unlimited OMO programme and a targeted credit facility for affected sectors and small businesses (like the Fed measure) will be imperative.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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Covid-19: Govt to pay employer, employee's PF contribution for 3 months

To be applicable for establishments having employed up to 100 employees and about 90 per cent of which earn ₹15,000 per month

The government will pay the employee provident fund (EPF) contribution both of the employer and the employee (12 per cent each) for the next three months, Finance Minister Nirmala Sitharaman said on Wednesday.

The move will benefit over 4.8 crore employees in the organised sector.

The government has also announced a ₹1.70 lakh crore economic package for host of beneficiaries in the wake of Covid-19 spread that has crippled economic activity and wages across sectors.

Sitharaman said the PF contribution decision has been taken to ensure that employees' EPF continuity is not lost.

This will be applicable to all those establishments having employed up to 100 employees and about 90 per cent of which earn ₹15,000 per month, she added.

The government will also amend the regulations for the scheme to allow employees draw up to 75 per cent of their non-refundable advance or up to three months of wages, whichever is lower.
Source: thehindubusinessline.com- Mar 26, 2020

HOME

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COVID-19 Crisis: Banks to offer emergency funds to aid pensioners, salaried, self-help groups, MSME, large corporates

The government has notified all state-owned lenders to offer emergency credit lines to corporate borrowers. This is to tackle the fallout from the coronavirus (COVID-19) outbreak that has stranded business across the globe. Some public sector banks have stepped up to help tide over the Covid-19 crisis, with emergency funds to aid companies, both small and large, to continue their operations.

One of the first was India's largest lender State Bank of India (SBI), who rolled out an emergency credit line. With the SBI credit line, borrowers can avail up to 10 per cent of their existing fund-based limits up to a maximum of Rs 100 crore. These loans come with a tenure of 6 months and could be repaid at a concessional rate of 7.25 per cent.

Following suit, Uco Bank, Indian Bank, Bank of India, and Union Bank of India have also announced emergency credit lines for their existing MSME borrowers.

Indian Bank has offered 5 special COVID-19 emergency loan schemes for its all types of customers from pensioners, to salaried class, self-help groups, MSMEs as well as large corporates.

Borrowers can avail of a salary loan of up to 20 times of his/her last drawn monthly gross salary, up to Rs 2 lakh. Emergency pension loans can also be availed by senior citizens, up to 15 times their monthly pension, capped at Rs 2 lakh. These special loans will come with a tenure of 5-years at zero concessional interest or charges.

Instant loans are a popular credit option, especially among youngsters and millennials. These are different from personal loans because of the amount of loan. As compared to personal loans, instant loans usually offer a smaller amount to borrowers. These are in the form of advanced salary loans, rental loans, etc. given to individuals in need.

As the name suggests, the money is instantly made available to the borrower. While some disburse the money within a day, some give it within half a day, and some within a few hours. Instant loans are generally for a short period of time for short-term expenses, offered by digital lenders including MoneyTap, EarlySalary, LoanTap, PaySense, Qbera, etc.

The amount of the loan is offered up to a certain percentage of the borrower's salary and comes with a tenure ranging from 1-12 months. With the varying types of loans, some platforms offer around a 3-month interest-only payment option to borrowers.

These instant loan options are a great option for borrowers with no credit score or poor credit score, who are turned down by banks. Borrowers with low credit scores, as low as 600, are also offered loans by these instant credit platforms.

Source: financialexpress.com- Mar 26, 2020

HOME

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Inter-State movement of goods/cargo exempted from lockdown restrictions

The Centre has exempted inter-State movement of goods/cargo for inland and exports from the restrictions imposed in the wake of a 21-day nationwide lockdown, that took effect from midnight of Tuesday.

Operations of railways, airports and seaports for cargo movement, relief and evacuation and related operational organisations have also been added to the exempted list, according to an addendum to the guidelines issued by the Union Home Secretary on Wednesday.

Cross- land border movement of essential goods including petroleum products and liquefied petroleum gas (LPG), food products and medical supplies have been brought under the exempted category. Customs clearance at ports/airports/land border, GSTN and MCA 21 Registry with bare minimum staff has been added to the exemptions list, the order said.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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CRISIL cuts GDP growth forecast for fiscal 2021 to 3.5 per cent

Says the pandemic in India and the consequent lockdown for 21 days pose a material risk to our India economic outlook

CRISIL has slashed its base-case gross domestic product (GDP) growth forecast for fiscal 2021 to 3.5 per cent from 5.2 per cent expected earlier. The past few days have seen global growth forecasts slashed and financial markets heaving as the Novel Coronavirus (Covid-19) pandemic spread geometrically.

"It is now the No 1 risk for the world economy with multi-dimensional ramifications because, unlike the Global Financial Crisis of 2008, it not only slams the brakes on economic activity and jeopardises financial stability, but also brings with it enormous human suffering not seen in decades," CRISIL said in a statement.

"Since our last forecast of 5.2 per cent GDP growth for fiscal 2021, the scenario has worsened notably. S&P Global has marked global growth down significantly, predicting likely recession in the US and the Eurozone, and lowering

Chinese growth to 2.9 per cent from 4.8 per cent with dominant downside risks. “The pandemic in India and the consequent lockdown for 21 days pose a material risk to our India economic outlook," CRISIL said. The adverse effects that will follow can dwarf the gains from the sharp drop in crude oil prices, and the anticipated monetary and fiscal stimuli.

Dharmakirti Joshi, Chief Economist, CRISIL, “We have slashed our base-case gross domestic product (GDP) growth forecast for fiscal 2021 to 3.5 per cent from 5.2 per cent expected earlier. This assumes two things: a normal monsoon, and the effect of the pandemic subsiding materially, if not wearing out, in the April-June quarter."

"The slump in growth will be concentrated in the first half of next fiscal, while the second half should see a mild recovery,” he added.

The impact of social distancing and decline in discretionary spending will aggravate the downturn in the April-June quarter, and the sharp slowdown in key trading-partner economies will slam exports.
Services, which now account for 41 per cent of total exports, have been resilient so far. But a recession in the advanced economies would dampen prospects for IT-ITES, tourism and bring down services exports growth.

The ongoing lockdown is bringing manufacturing and services to a grinding halt and disrupting domestic supply chains. As revenue streams of companies get impacted, daily wagers and temporary workers will be in the firing line.

The impact of all this will vary by sector, but services would be hit particularly hard and there is a risk of long-term loss of demand and capacity in both industrial and services sectors, if the crisis prolongs.

Ashu Suyash, MD and CEO, CRISIL Ltd, said, "The non-linearity and complexity of what's unfolding creates uncertainties not only for businesses but for all mankind, and weighs heavily on sentiment and outlook, with risks tilted to the downside. Inability to control the pandemic and extension of the lockdown will aggravate supply and demand shocks. Reasons why it is hard to quantify the downside at the present moment."

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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Covid-19 impact: CII sets up a fund for MSMEs

In the wake of the coronavirus (Covid-19) outbreak, the Confederation of Indian Industry (CII) is setting up a fund to assist rehabilitation of small enterprises and Micro, Small & Medium Enterprises (MSMEs).

The Confederation will request all its members (mainly corporates) to contribute an amount from their CSR allocation for the fund, CII COVID Rehabilitation and Relief Fund (CRR), the body said in a statement.

The MSME sector is one of the most severely affected as steps to curtail the outbreak such as travel bans, closure of malls, theatres and educational institutions have led to widespread disruptions in economic activity. This, in turn, has hampered MSMEs' businesses.

"Multiple actions need to be taken on extension of bank loans, a special fund, steps regarding filing of GST and improving welfare of workers. CII stands ready to support MSME sector in this hour of need through the CII CRR," Shreekant Somany, Chairman, CII National Council on MSME, said.

Seeking relief measure

With MSMEs facing cash crunch, CII has requested for additional ad-hoc sanction of working capital to the tune of 25 per cent of sanctioned limit as relief measure. The industry body also suggested deferment of Equated Monthly Installments (EMIs) and interest rate on working capital as well. Setting up of a special MSME Factoring Fund to enable MSMEs to discount their bills to approved retailers in 15 days and permit retailers to pay in 120 days would help in faster realisation, it added.

According to CII, creating a corpus by the government to help MSMEs tide over the crisis would help them pay wages. Extension of non-performing asset norms cases to 150 days from the present 90 days and if required by industry, ad-hoc limits to an extent of 25 per cent of sanctioned limits may be allowed by banks on SOS basis to overcome temporary liquidity crunch, would also provide temporary relief, it said.

Measures for improving welfare of the MSME workers during the temporary shutdown period are also required. Some of these could include supporting laid-off workers during the crisis period, handling the statutory compliance of compensating workers in case of a shutdown and exploring insurance cover options through the Employee State Insurance Corporation, 90-day extension for payment of employer's contribution of Provident Fund and ESIS, insurance cover or part financing wages for those laid off due to Covid-19 through ESIC or new Government schemes, allowing of CSR funds to support payment of wages to laidoff workers among others, it added.

The Confederation has proposed that the government should draw up contingency plans for three periods – till March 31; for next two months till May 31 and then for next 2 months till July 31.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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DGFT operationalises help desk to assist exporters, importers

The Commerce Ministry today set up a help desk to resolve export and import-related issues arising due the coronavirus outbreak. It was operationalised by the Directorate General of Foreign Trade (DGFT) and will deal with all issues related to the Department of Commerce or DGFT.

In this regard, a pro forma spreadsheet listing coronavirus-related import and export issues can be sent to 'dgftedi@nic.in'. Exporters and importers can also call at toll-free number 1800-111-550.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

****

Indian Industry seeks 10-point boost plan from govt for the exporters effected by coronavirus

The lockdown has resulted in transportation delays leading to various costs and charges piling up for manufacturers, exporters and importers.
Indian Industry has come up with a 10 point export boost plan for the beleaguered sector amid the lockdown effected by the Covid-19 pandemic.

The plan drawn up by the Confederation of Indian Industry (CII) covers everything from extending the 5% interest subvention scheme to all exporters to one-time extensions of customs duty payments and filing bill of entry.

"The short-term impact on exports has started showing up with exporters facing liquidity crunch as customer's payments are not coming through and shipments of ready goods are not able to leave the factory or lying at the port because of lock-down situation globally," said Chandrajit Banerjee, director general of CII.

At the top of the list, exporters suggest that consignments which are ready for shipment should be allowed to be transported from the manufacturer's factory or warehouse to the customs facility.

The lockdown has resulted in transportation delays leading to various costs and charges piling up for manufacturers, exporters and importers.

With regard to the customs duty payments, they have asked that deferment should be extended from March to June to ease financial pressures.

To address liquidity issues, the plan suggested expediting GST refunds and extending the moratorium on loan, interest payments, utility payments and declaration of NPAs by banks by at least six months.

The sector also seeks the waiver of shipping line demurrage and container freight station charges as the import container clearance time has gone up due to the lockdown.

Demurrage is a charge payable to the owner of a chartered ship on failure to load or discharge the ship within the time agreed.

To ease the congestion resulting from compliance norms, the CII has suggested all bills of entries should be processed based on self-declaration of the importer. In case of any deficiencies, the importer's undertaking should be accepted and cargo be released.

A bill of entry is a declaration by an importer or exporter of the exact nature, precise quantity and value of goods that have landed or are being shipped out.

For easy access to credit, the plan suggested packing credit be increased by at least 25% for exporters and the threshold for returning export packing credit be increased from 180 days to 360 days.

It also asked banks to consider sanctioning and releasing at least 20% of contract value as special cash credit funding to companies executing export contracts.

The CII also recommended all export benefits as per the current Foreign Trade Policy should be continued until June 30 or the announcement of new policy.

Source: economictimes.com- Mar 26, 2020

HOME

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Govt keeps Bt cotton price unchanged at ₹730 per packet for 2020-21; scraps royalty fee to Bayer

The Centre has kept the maximum sale price of genetically modified (GM) Bt cotton seeds unchanged at ₹730 per packet for the next fiscal but scrapped the royalty to US-based technology provider Monsanto, now controlled by global agri major Bayer. Bayer, which in June 2018 completed the USD 63-billion deal to acquire Monsanto, has expressed disappointment over doing away with trait value or royalty altogether.

According to a government notification, the maximum sale price for Bollgard-II (BG-II) cotton seed for 2020-21 has been fixed at ₹730 per packet of 450 gm. The seed value is ₹730 and trait value zero.

The rate for the current fiscal is ₹730 per packet, including ₹20 as trait value, which goes to the Bayer group. The maximum sale price of BG-I version of Bacillus thuringiensis (BT) cotton hybrid has also been kept unchanged at ₹635, with no trait value.

Under the Cotton Seed Price (Control) Order, 2015, the government has been fixing a maximum sale price for Bt cotton every year considering the seed value, recurring royalty (trait value), trade margins and others.

Earlier this month, Union Agriculture Minister Narendra Singh Tomar had informed Parliament that the Centre was considering writing off trait value charged from farmers for Bollgard-II variety of Bt cotton to ensure the seeds are available to farmers at affordable prices.

When contacted, Bayer spokesperson said: "While it is disappointing to see the full elimination of trait fees, we will in collaboration with other technology providers continue to highlight the need to maintain a reasonable level of trait fees."

The royalty fee is essential to support stewardship, maintaining longevity and at the same time investing in future technologies, the spokesperson added. "Bayer shares the government's objective of ensuring India's farmers continue to benefit from high-quality cotton seeds and technologies. For 18 years, Bollgard cotton technologies have helped local farmers produce cotton sustainably and boost their livelihoods," the company spokesperson said.

In a written reply to the Lok Sabha, Tomar had also said that the government's research body ICAR believes that the technology is still effective against American bollworm and spotted bollworm. However, industry body NSAI mentioned that BG-II has become ineffective against pink bollworm.

Farmers are cultivating Bt cotton in more than 87 per cent of the cotton area. Bt cotton is the only GM crop allowed for commercial cultivation in the country.

Mahyco Monsanto Biotech Ltd (MMBL), a Monsanto group firm, had sub-licensed Bt technology to various seed companies in India.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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Covid-19 fallout: Weed removal before cotton sowing delayed in Malwa belt

The ongoing national medical emergency in the wake of the Covid-19 outbreak has put forth a challenge for the cotton-growing belt of Punjab.

Cotton is the economic lifeline of farmers in the semi-arid belt of south Malwa region as the crop is sown in eight districts, mainly in Fazilka, Mansa, Bathinda and Muktsar.

The sowing period in the state starts from April 18 based on the recommendations of agriculture scientists. But the first step of removing weed before sowing has not started yet due to the pandemic threat.

As per the protocol followed by the state agriculture authorities, weeds like 'kanghi buti', 'peeli buti', 'puth kanda', 'dhatura' and 'bhang' growing on field bunds, wastelands, roadsides and irrigation channels/canals are removed through community participation.

"In the last season, the practice proved immensely beneficial in keeping the whitefly pest at bay. As per the plan, the exercise to remove weed was to be completed by the first week of April but the current situation did not allow it to start fully. The field staff has been instructed to start contacting farmers and weed removal will begin at war footing after the lockdown is withdrawn," state agriculture director Sutantar Kumar Airi said.

Airi said cotton is crucial to the farmers in a sizeable area of the state, the state is closely monitoring the developments.

"In spite of the coronavirus threat, the department is hopeful to achieve the target to add 25% more land under cotton cultivation. In 2019, 4 lakh hectare land was used to cultivate cotton and this year we aim to extend by another 1 lakh hectares in the south Malwa districts," Airi added.

In 2019, Punjab crossed the target of bringing 4-lakh hectare land under cotton cultivation, the highest in the last five years, say officials.

Also, there was no major pest attack and the average yield was close to 800 kg lint per hectare last year.

In 2015, cotton yield dropped to a low of 197 kg lint per hectare due to the whitefly attack. The crop yield in the belt was 756 kg (2016), 750 kg (2017) and 778kg (2018).

Source: hindustantimes.com- Mar 26, 2020

HOME

****

COVID-19: Bengal cotton loom trade hit

The novel coronavirus (COVID-19) outbreak has severely affected exports of cotton yarn, fibres and garments in rural Bengal, disrupting the textile industry on the whole. According to traders, export of taant has been particularly hit in the state.

While India's export fell by 10 per cent in the last five months, garment export fell by 7 per cent, according to the traders' union in Kolkata. This has also led to a drastic drop in prices over the last five weeks.

Among the worst hit are weavers across West Bengal, who suffered huge losses as their exports slumped. The trade route from Gardenreach in Kolkata has been closed, along with the Silk Route in Sikkim, Bihar and neighbouring Nepal.

Sampa Singha Roy, who runs an export business through Satyam Boutique in Chinsurah in West Bengal's Hooghly district, said cotton yarn production dropped significantly, impacting exporters' margin.

"Indian cotton exports, especially taant, came to an abrupt halt. This is not only affecting exporters, but mill owners also. Weavers are suffering major losses," Sampa said. "Cotton is a natural fiber and a luxurious commodity. We have never seen such low in the last 20 years. Coronavirus pandemic has affected the market badly," Rupam Dhar, garment factory owner in Barasat, said.

Meanwhile, the global cotton economy is headed towards a slowdown. India's cotton-spinning industry is dependent on its exports to China. China uses India's cotton to make finished products, which are then exported to the United States.

A slump in India's exports to China has hit the global cotton industry. Additionally, as US President Donald Trump imposed tariffs on China for its alleged unfair trade practices in July 2018, the ongoing economic conflict between the world's two largest national economies have impacted the circular economy as well.

In fact, data from the United States Department of Agriculture showed net sales of cotton fell 30 per cent from the previous week. India depends on China for export of cotton-based raw materials like linters. These raw materials are used to make bank notes, paper for documentation, etc. Similarly, production of ignition material for weapons and some medicines are affected.

According to market sources, traders are sceptical of starting any new deal.

"We buy raw cotton to produce our own fabric. The fabric goes through two processes: the spinning, where raw cotton is turned into a thread, and weaving where the thread is woven into fabric. The benchmark variety of cotton jumped to Rs 12,373 a quintal on Friday from Rs 11,698 a quintal in the beginning of the month," Sampa Roy said. It is also speculated that the decline in raw material prices would benefit textile mills and their profit margins may go up in the coming quarters.

Source: downtoearth.org.in- Mar 26, 2020

HOME

****

Adani Ports declares force majeure at Mundra and Dhamra ports

Adani Ports and Special Economic Zone Ltd (APSEZ), India's biggest private port operating firm, has declared force majeure at its facilities in Mundra, Tuna and Dhamra, in the wake of the three-week lockdown imposed by the government to check the spread of coronavirus.

"In view of the COVID-19 pandemic, the Port has notified the 'Force Majeure Event', wherein the port will not be responsible for any claims, damages, charges, etc, arising out of and /or connected to the above Force Majeure event, either directly or indirectly, which without any limitation would include vessel demurrages, inter alia due to pre-berthing or any other delays of whatsoever nature and, accordingly, the discharge rate guaranteed under the agreement shall also not be applicable for all vessels to be handled at the port for any delay or disturbance in the port services during the Force Majeure period," APSEZ said in a March 24 notice to the trade, adding that the event was effective from March 22.

A force majeure clause absolves firms from meeting their contractual commitments for reasons beyond their control.

APSEZ has notified force majeure separately for the three ports.

"Since the impact is ongoing, the port shall notify'Cessation of Force Majeure' based on further notifications / directives from the Central Government and State Government, as the case may be," it stated.

"At this juncture, we would also like to inform that port services are categorised as essential services and, therefore, in the interest of protecting and securing the supply chain of the industries, we are endeavouring to continue operations with the support of Government authorities," it added.

Source: thehindubusinessline.com- Mar 25, 2020

HOME

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With buyer sentiment low, Indian fashion brands focus on e-com

As the lockdown continues across the country with low buyer sentiment for garments, Indian fashion brands are focusing on e-commerce. Fashion shows have been cancelled and supply chain management has been severely affected. Many start-ups are hoping the government comes out with some relief measures to compensate for their business losses.

Brand Sarah & Sandeep's focus has shifted towards its e-commerce platform and its international clients with whom it consults over Skype. The company has also extended delivery periods for earlier orders. It expects to break even at least for the coming month as it has cut all unnecessary costs.

With all their stores closed at the moment, online orders of FabAlley and Indya have slipped by 25 per cent. With a ban on social gatherings, occasion wear brand Indya has witnessed a dip in orders. Moreover, given the uncertainty of the crisis, people are not spending on apparel, they said.

Supply chain management across various functions has been adversely impacted, hampering overall business execution. Every business in such a situation will face a hit and that is something unavoidable.

Similarly, the members of South India Imported Machine Knitters Association are not in a position to repay bank loans as a result of which banks may classify the units as non-performing assets.

There is no clarity on when all the export and domestic supply chains will come back to normal and when will the finance ministry implement remedies. The exports are expected to return to normalcy in June or July.

Source: fashionatingworld.com- Mar 26, 2020

HOME

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G20 nations to inject $5 trillion to combat Covid-19

The G20 nations have agreed to collectively inject $5 trillion into the world economy to counteract the social, economic and financial effects of the Covid-19 pandemic that has infected close to 5,00,000 people across countries and claimed more than 22,000 lives.

Prime Minister Narendra Modi, who represented India in a video-conference of G20 economies on Thursday, stressed on a new concept of globalisation that focusses on humanity and collective welfare rather than individual interest, a source privy to the meeting told BusinessLine.

“Leaders from all participating countries agreed to make collaborative effort to develop therapeutic solutions like vaccines, make diagnostics more effective and make testing kits and other equipment more freely available, especially to countries that lack resources,” the source said.

The nations also pledged to ensure flow of medical supplies and critical agricultural products across borders and work together to facilitate international trade. There was full support for strengthening the WHO’s mandate to fight the pandemic and the members agreed to provide resources to poorer countries and come up with a Covid Solidarity Response Fund.

“Sherpas from all G20 countries would finalise the actionable points so that G20 countries can come together,” he added.

Source: thehindubusinessline.com- Mar 26, 2020

HOME

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