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INTERNATIONAL NEWS

Japanese textile and apparel imports from China decline

As per latest stats, while Japanese textile and apparel imports in March declined by 2 per cent to reach 216,500 tonne, imports from China declined 4 per cent to reach were 105,300 tonne. In the first quarter, Japanese textile and apparel imports totaled 605,000 tonne, declining by 7.5 per cent year-on-year; of this the volume from China totaled 286,000 tonne, down by 13.1 per cent year-on-year.

From the perspective of share, the proportion of China in Japanese textile and apparel import market has gradually declined to 47.2 per cent from the same period last year. The market share of Vietnam, Indonesia, Thailand and Bangladesh have gradually increased, especially in Southeast Asia. In the first quarter, the main sources of Japanese textile and apparel are as follows.

Although COVID-19 pandemic in China has been gradually controlled, foreign trade was greatly affected. The outbreak of the epidemic outside China was really a great shock to global consumption, and it is expected that Japanese textile and apparel import in April is still not optimistic.

Source: fashionatingworld.com– May 26, 2020

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Retail in England expected to open on 15 June: UKFT

UKFT, the collective voice of the UK fashion and textile industry, has announced that fashion retail, fashion designers, tailors and dress makers will be among the retailers that are expected to be able to re-open from the June 15. UKFT reported that in order for these businesses to reopen they must have undertaken an appropriate Covid-19 risk assessment.

UKFT also stated that Scotland, Wales and Northern Ireland will shortly announce their own time lines for the re-opening of retail.

The health and safety executive has published guidance and advice on how to carry out a risk assessment. UKFT reported that businesses should also involve its team in the assessment process.

Businesses must keep a written record of its risk assessment unless they have fewer than 5 employees or are self-employed. If a business has more than 50 employees, the government expects them to publish the risk assessment online. The government has published guidance on how to manage the re-opening process here and the British Retail Consortium has also published its own guidance.

To help manage the risk all businesses should: increase the frequency of handwashing and surface cleansing; make every effort to allow staff to work from home. Where this is not possible businesses should make every effort to maintain the 2 metre physical distancing guidelines; if it is not possible to maintain the 2 metre physical distancing take all possible measures to reduce the risk of transmission; use screens where possible; team members should work back to back or side to side; reduce the number of people operating at one time (introduce shift working).

Source: fibre2fashion.com– May 26, 2020

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International Apparel Federation predicts global apparel sales decline by 50%

The International Apparel Federation, by 2020, apparel sales are expected to decline by 50 per cent, compared to 27-30 per cent of revenue, and more than 80 per cent companies are facing financial problems such as bankruptcy. Apparel retailers are trying to get their feet back on e-commerce or other strategies. Already in many countries, brands are reopening stores. On the other hand, 65 per cent of consumers are reducing their spending on apparel.

Retailers and brands are going forward with their strategies and manufacturers also getting new orders. But apparel manufacturers are the most sufferers because they are facing a significant crunch in liquidity.

To save theirs worker, the Pakistan government issued a concessional loan to partly cover 3-month salaries provided no layoffs moratorium on payment of principal. To prevent bankruptcies Pakistan took the resumption of work under strict SOP's (standard operating procedure) with partial capacity utilization and extra overheads but without the help of brands' receivables of payments, it will get tough.

At the end of the pandemic, the Re-Set of the supply chain will occur. Fast fashion will go to slow fashion, change in order rhythm, e-commerce will go rapidly but will take more time to replace shops, re-consideration of sourcing strategy and buyer-supplier relation will be rebalanced. Manufacturers around the globe are taking a new initiative to rise back again.

Similarly, Bangladesh RMG companies reopened their factories and are receiving new orders. Bangladesh garments sector is following SOPs to maintain health security for workers. Regular temperature checking, proper sanitization, and social distancing are being established in factories.

Source: fashionatingworld.com– May 26, 2020

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Turkish brand places €20 million garment order to Iranian company

Turkish clothing brand LC Waikiki has placed an order with an Iranian company Ronak Jean to produce €20 million worth garments labeled 'Made in Iran', most of which will be exported to the Turkish company's regional branches. The joint project is estimated to create about 5,000 jobs in Iran. Turkish company LC Waikiki, otherwise known as LCW, has become the first major foreign apparel manufacturer to officially start cooperation with Iranian garment players.

The Turkish company has been in negotiation with Iran's Ministry of Cooperatives, Labor and Social Welfare and the Ministry of Industries, Mining and Trade for the past eight months and the Turkish side has so far surveyed over 70 apparel factories and manufacturing units in Iran. The first phase of the collaboration will see LCW place orders with selected Iranian apparel makers worth around €20 million in the next year and a half.

All the exports will be done under the parent company's supervision and management. The apparel, labeled 'Made in Iran' under LC Waikiki brand, will be exported to LCW branches in other countries.

Source: fashionatingworld.com– May 26, 2020

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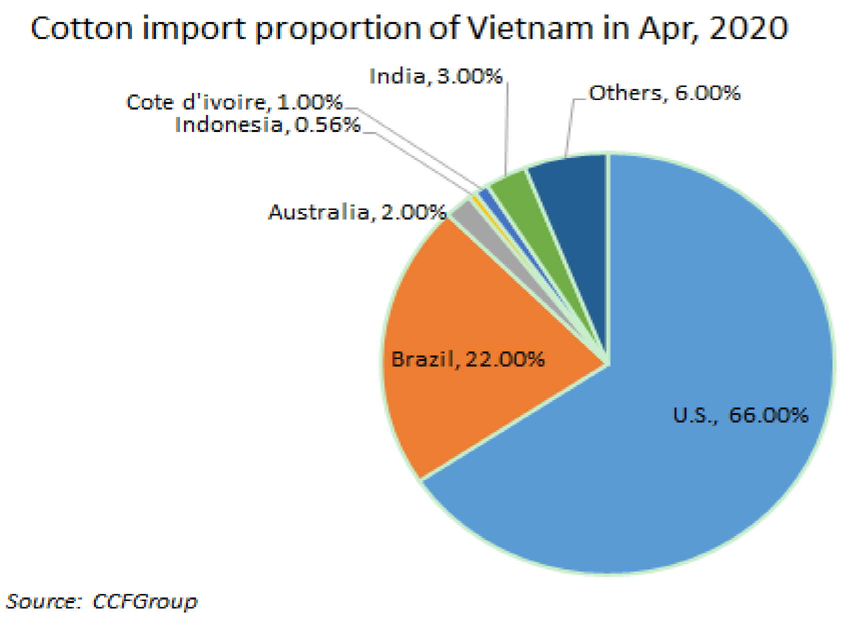
Vietnam's cotton imports decline in Apr, 2020

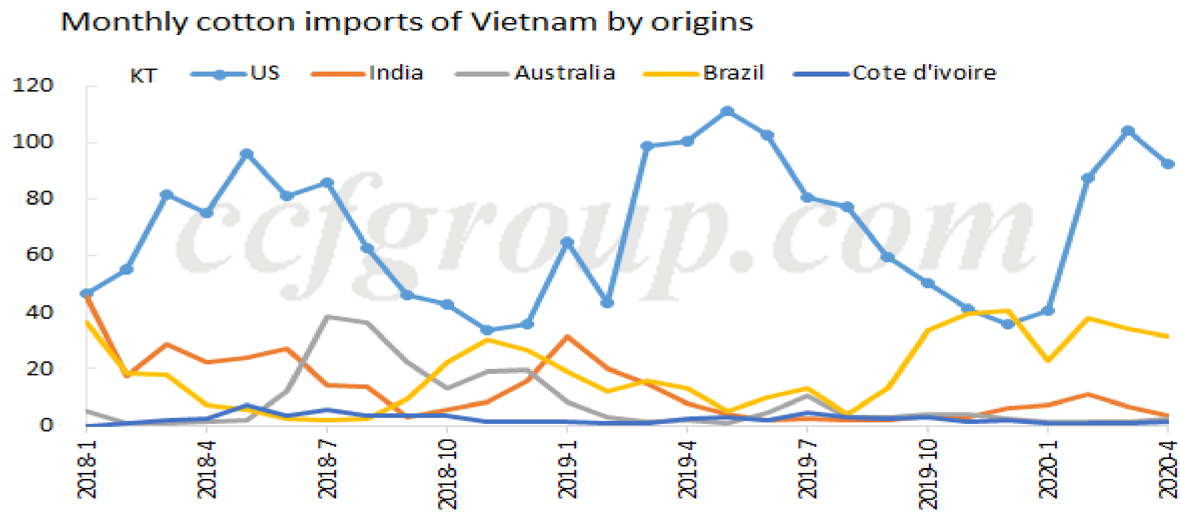
1. Vietnam's cotton imports decline in Apr

Vietnam imported 141.2kt of cotton in Apr, 2020, basically flat from a year ago, but down 12% from previous month. In the first four months of 2020, imports totaled 533.8kt, up 2.6% year on year.

2. Proportion of cotton imports from US stays flat



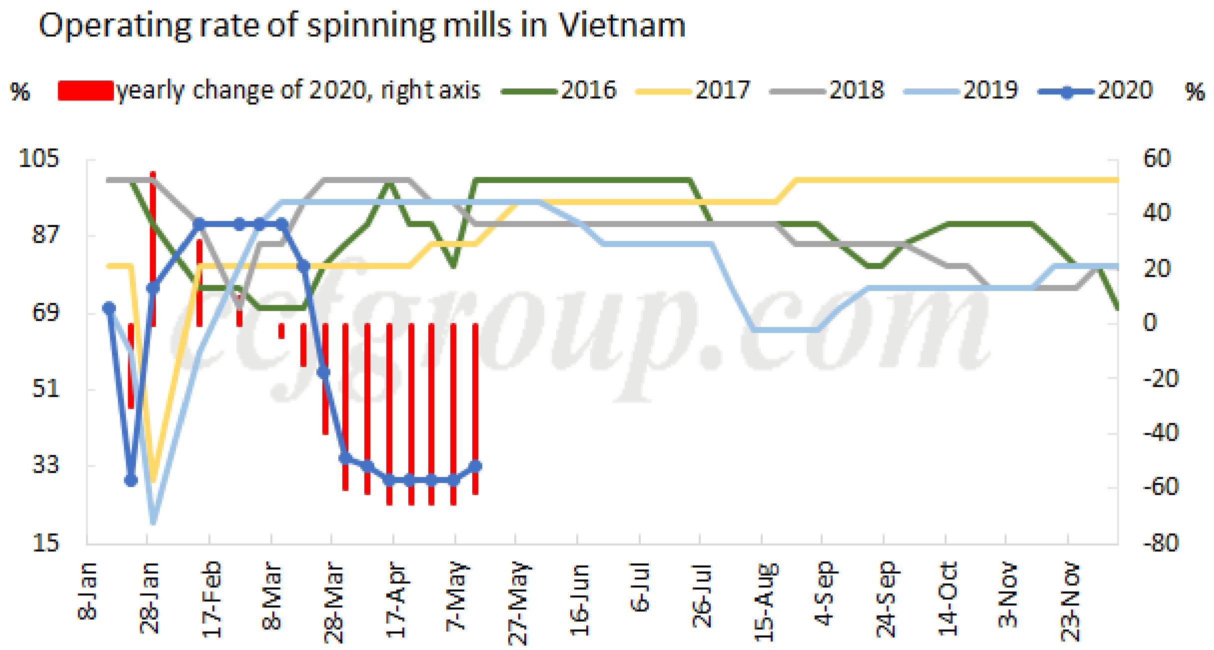
In terms of import origins, the major supplier in Apr is the United States, with a proportion of 66%. Brazilian cotton imports took the second place, with a share of 22%. Indian cotton and Australian cotton imports accounted for 3% and 2% respectively.

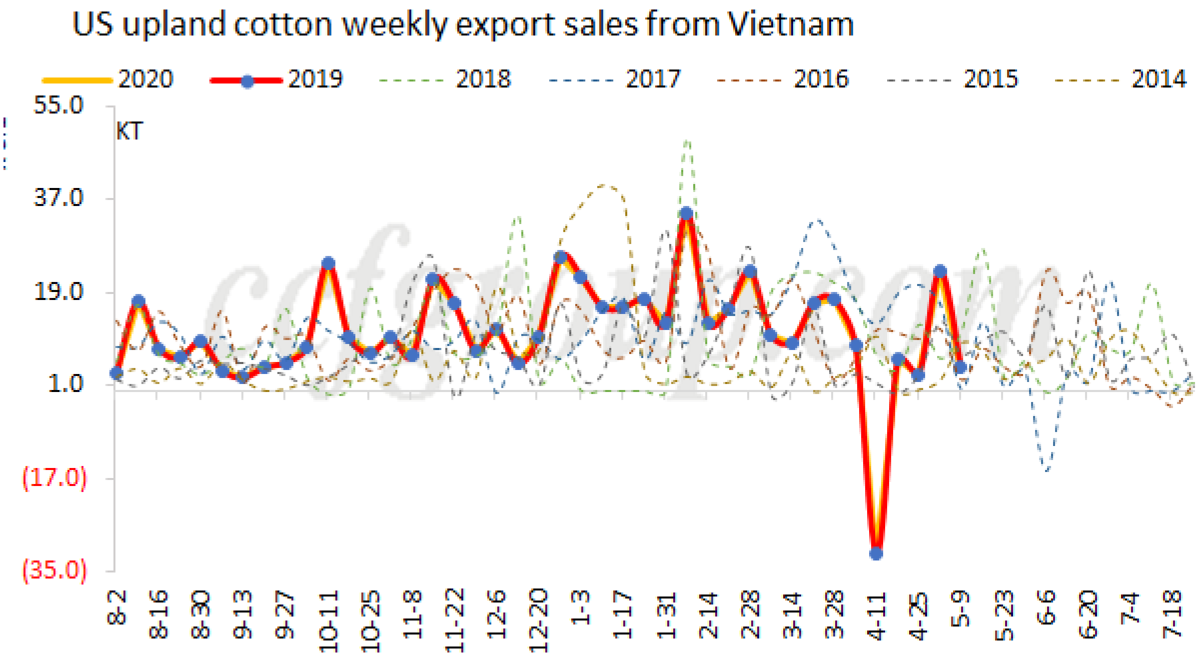


In terms of import origins, the major supplier in Apr is the United States, with a proportion of 66%. Brazilian cotton imports took the second place, with a share of 22%. Indian cotton and Australian cotton imports accounted for 3% and 2% respectively. In Apr, spot profits of Vietnamese cotton yarn were negative, and the losses continued to enlarge. And operating rate of spinning mills in Vietnam held flat at around 30% since Apr, down obviously from the corresponding period of previous years.

Cotton imports of Vietnam and unit prices in Apr, 2020

Origins	Volumes (ton)	Yearly change	Unit price (cent/lb)	Yearly change
United States	92,413	-8%	75.7	-12%
Brazil	31,460	141%	75.2	-12%
India	3,611	-53%	64.2	-19%
Australia	2,256	30%	88.9	-2%
Cote d'ivoire	1,425	-47%	69.3	-17%
Indonesia	791	-6%	52	12%
Pakistan	344	-50%	58.4	10%
South Korea	215	-58%	55.1	-18%
Argentina	101	-89%	60.2	-24%
China	78	-66%	130.3	70%
Other	8,464	-31%	71.2	-13%





In May, inquiries for Vietnamese cotton yarn from export market increase somewhat, and transactions are concluded, but contract cancellation is also seen. The overall demand remains weak. In early and mid-May, spinning mills mainly sell with deficits, and only a few large plants saw faster sales.

The weekly transactions of US cotton from Vietnam rebound somewhat, as ICE cotton futures market moves downward and with price edge, Vietnamese spinners purchase some to replenish feedstock. In late May, cotton yarn sales remain unfavorable, and selling pressure is still large for spinners. If there are no continual orders later, spinners in Vietnam may continue to show weak buying interests on cotton.

Source: ccfgroup.com– May 26, 2020

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Vietnam: Ministry to help local firms cope with trade remedies

The Ministry of Industry and Trade (MoIT) is planning to increase the number of training courses on trade remedies for the domestic production industry.

The Ministry of Industry and Trade (MoIT) is planning to increase the number of training courses on trade remedies for the domestic production industry.

The idea is to improve the ability of domestic producers to cope with the application of trade defence measures on the global market.

At the same time, the ministry will also provide information about current trade remedies for domestic associations and production industries. This will include guidance on using or dealing with trade remedies for key industries such as steel, wood, seafood, chemicals, textiles and support industries.

The ministry will also build an electronic portal to provide early warnings about trade remedies, while looking at how these industries deal with trade remedy lawsuits.

In addition, it will simplify the implementation of regulations on trade remedies to help Vietnam join the EU-Vietnam free trade agreement (EVFTA).

The implementation of these solutions in the coming years is expected to help domestic production industries and enterprises, especially small and medium sized ones, to have clear information about trade remedies so they can improve the efficiency of their international economic integration.

Le Trieu Dung, Director of the Ministry of Trade and Industry’s Trade Remedies Authority of Vietnam, said for FTAs with very high tariff reduction levels such as the EVFTA, there would certainly be high competitive pressure and challenges for Vietnamese enterprises.

Most trade remedies in the EVFTA are based on the World Trade Organisation (WTO) rules.

In addition, the EVFTA included principles that suited Vietnam's legal system. That would help Vietnam's production industries and businesses to adopt legal trade remedy tools and ensure economic efficiency when the country joined the EVFTA, Dung said,

In addition, they needed to regularly monitor and study early warnings for trade remedies to take suitable actions to deal with them, he said.

According to the Ministry of Industry and Trade, some sectors with large export volumes such as agricultural products, fisheries, textiles, footwear, iron and steel may be at higher risk of facing trade remedies.

Trade remedies such as anti-dumping, anti-subsidy and safeguarding measures are important legal tools that protect local industries and enterprises, especially when tariff barriers are removed under international commitments.

Source: en.vietnamplus.vn– May 26, 2020

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Vietnam: Garment Workers’ Lose Income As Covid-19 Decimates Fashion Orders

Vietnam’s significant textile industry is battling the sudden drop in orders due to vanished demand as a result of the coronavirus, which could mean the loss of vital incomes for the country’s garment makers. Vinatex, one of the largest corporations in Vietnam, says that as many as 50,000 workers could be furloughed as a result of the pandemic.

Textile industry leader Vinatex, who owns an estimated 200 factories in Vietnam and employs more than 100,000 workers to produce goods for big-name fast fashion clients including Zara and H&M, says that the vanished demand for fashion amidst the coronavirus could mean that they are forced to furlough up to 50,000 of its garment makers.

"As things stand, 30% to 50% of jobs will disappear by May," said Vinatex CEO Le Tien Truong.

Consumer demand for fashion apparel and goods have plunged across the globe but especially in the United States and Europe, where countries are only just beginning to ease lockdown restrictions to combat the spread of the virus. In response, many fashion retailers have cancelled existing orders or postponed new ones.

While factories in the Vietnamese capital of Hanoi have been allowed to remain open during the pandemic, orders are simply not coming back in. According to data from the country's Ministry of Industry and Trade, orders for textiles and footwear have dropped 70% by value for April and May compared to the same period last year.

Some garment operators have adapted to the demand shock by producing masks, but Vinatex says that it will not be enough to make up for disappeared orders. Even in the unlikely situation where the coronavirus is contained by the end of this month, the corporation is set to lose 1 trilling dong (US$42.4 million) – equivalent to twice the amount of net profit the company made last year.

With the coronavirus set to linger until a promising vaccine is developed – which scientists and experts estimate will take at least 12 to 18 months – Vinatex is almost bound to sink even further, with many small and midsize factories having to close, meaning the loss of thousands of jobs.

The majority of garment workers in Vietnam, much like garment workers across Southeast Asia and around the world, earn minimum wage incomes, which means that they are already among some of the most vulnerable groups to be disproportionately affected by the coronavirus pandemic.

Living in cramped conditions with little to no access to basic sanitation let alone the ability to self-isolate and social distance from others, many workers are facing abject poverty alongside the threat of a deadly disease.

In a bid to save as many livelihoods as possible, textile industry representatives from 6 Asian countries including Vietnam issued a joint statement earlier last month (April 9) to demand clothing brands to compensate suppliers for cancelled orders.

While H&M have promised to keep to their contracts for orders that have already reached production stage, multiple other big apparel companies have requested extensions to pay up on completed orders.

In Bangladesh, where a significant portion of the economy is fuelled by the textile and garment industry, workers are also hung out to dry as a result of lost or cancelled orders. Among some of the brands exposed to be leaving thousands of workers without income or severance pay include Primark, Bestseller, Marks & Spencer, Walmart and JCPenney.

Calling out these brands, climate action group XR Fashion Action wrote in an post: “For workers with no ability to put food on the table, let alone cover medical expenses, and who live on the knife edge of poverty, this is devastating for themselves and their families.”

The failure of big fashion companies to pay its workers in its supply chain will only further taint the fashion industry that has already suffered from scrutiny over its massive environmental footprint and dubious human rights practices.

Source: greenqueen.com.hk– May 27, 2020

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Fast Retailing to sell face masks in Japan's Uniqlo stores

Fast Retailing Co. plans to start selling face masks made from the highly breathable and fast-drying materials used in its AIRism functional underwear in the summer to deal with the spread of the novel coronavirus, according to company officials, who recently said the masks will be sold at its Uniqlo casual wear store chain and on its online shopping website.

The company changed its cautious stance on selling masks in response to strong customer needs, the officials were quoted as saying by Japanese media reports.

At a financial result briefing in April, Fast Retailing chairman and president Tadashi Yanai sounded cautious about selling face masks, saying the company's main line of business is the manufacturing of clothing.

The demand for masks that are suitable for summer use is expected to rise, especially with no prospects in sight for an end to the COVID-19 epidemic.

Source: fibre2fashion.com– May 27, 2020

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Pakistan: COVID-19 and textile exports

The current situation on Pakistani Textiles is rather precarious. In April 2020, textile exports declined by 65 percent to $404 million against exports of $1,1139 million in the same month of the previous year. May 2020 is not looking good either.

As nearly 75 percent of the present installed capacity in the textile industry is based on exports, this erosion of such volumes, by any stretch of imagination, makes it to be an alarming situation. One, which is likely to have serious implications in the coming days, both on the trade deficit equation and also on the unemployment level in the country, post the outbreak of COVID-19.

The industry accounts for nearly 67 percent of national exports, 12 percent of GDP and 40 percent of industrial employment, so it is imperative that it gets back on its feet with all cylinders firing, sooner rather than later.

On the global front, according to industrial estimates, COVID-19 will wipe off more than US$300 billion from the global apparel market in 2020, a nearly 25 percent decline from last year.

The United States will account for 42 percent of this loss. Apparel demand from other worst-hit western countries is also expected to drop by around 30 percent this year. In 2019, the global apparel market was worth about US$200 billion, a figure that is now not expected to return till 2023.

Further, US retail sales dropped almost twice as much in April 2020, than what they did in March, as its economy saw its first full month where most businesses were completely closed because of lockdown – clothing retailers were particularly hard hit.

With EU and USA being the two largest markets respectively, there have been a very high number of cases for Pakistani exporters where the customers have either cancelled orders or simply reneged on their contracts. Since, most exports are transacted on CAD or CA (credit) terms, this poses to be a huge problem with no real leverage on the US and EU companies backing out of their commitments.

The overall demand, both domestic and international, as we know, is in any case subdued due to COVID-19 and respective lockdowns in almost every country. Meanwhile, to make matters worse, both domestic and global yarn and cotton prices have crashed, which is never a good sign for the sector, because it adds to uncertainty! It is estimated that Pakistan's textile orders valuing USD1.3 billion have so far been postponed or cancelled.

Add to this the issue arising specifically from buyers of products relating to the hoteling and tourism industry, where most have just outrightly reneged from their orders/agreements claiming that they see no hope of revival of the tourism industry in the near future.

Our total annual exports to EU countries and USA exceed $10 billion, which means that even by conservative accounts, the various deferments or cancellations already done amount to almost $2.5 billion – a sum likely to be lost or stuck-up visibly for at least the next six months.

So what does this mean for Pakistan's export oriented textile industry and what are the solutions, if any? The mere continuity of restrictions (local & global) in general for a longer period are fraught with risks to the textile industry of Pakistan. This situation will lead to serious cash flow and liquidity constraints. The cash flow crisis is likely to be so severe that many companies may find it impossible to maintain operations resulting in both bankruptcies and massive layoffs.

Even by conservative estimates, this recession and collapse of the aggregate demand of the world is likely to be far more severe than what was witnessed in 2008/09. Meaning, in essence, what this implies is that the main issue that will be faced by the Pakistani textile exporting companies is of 'liquidity'.

To combat this phenomenon, our competitors are already announcing significant cash injection measures or some outright grants or policies that look to ensure: availability of cheap and adequate credit to the export industry and businesses; easing of the documentation process; deferment of governmental taxes and levies; etc. – with the idea being to make sure that our industry will be ready to start re-servicing the customers, as and when demand returns.

Everyone knows that in the international markets once a customer is lost, it tends to be very difficult to win them back, especially in the short term. Timely state support to simply ensure that exporters remain solvent is going to be critical and if one was to list the measures that the government needs to announce quickly, then in the opinion of this author, the list should look something like this, if not necessarily in the same order:

First, is to ensure liquidity/solvency of Pakistani firms, so that when demand returns, companies are still operating to reclaim their historic market share. This needs to be done through a number of measures, which include: i) Increasing the national ceiling of export refinance available to the exporting firms whereby all firms can enhance their limits, ii) This enhancement will only be possible if the multiple of exports to refinance is instead dropped to 1:1, iii) Restoring Zero-rating with immediate effect & iv) Reducing the interest rate on export refinance to 3 percent.

Second, to freeze interest and defer repayments for one year on all LTTF loans availed by the exporting firms.

Third, to remove supply chain bottlenecks in order to improve competitiveness. Points one and two will go a long way in addressing this.

Fourth, to ease the SOPs for export manufacturing operations: On restarting production and on other modalities, e.g. forward currency bookings, late payment penalties, etc.

Fifth, Last but not least, take up at Ministerial and Embassy levels the endeavour to fight the cases of exporting firms with respective foreign buyers, to appeal to them or use State's leverage to see to it that they honour their commitments and agreements.

While surely a lot will depend on how quickly the EU and USA markets recover and by when would the traditional customers of Pakistani Textiles be able to resume buying in a meaningful way, but at the same time a lot will also depend on the Pakistani government on how serious it is to save the textile exporting industry from being dismantled and to what extent it is willing to go in helping them to ride out this critical period till such time when markets gradually return to normalcy!

Source: nation.com.pk– May 27, 2020

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NATIONAL NEWS

A lifeline for MSMEs

Guaranteed emergency credit line, a timely step

One of the criticisms against the Atmanirbhar package has been its apparent stinginess in putting money in people's pockets. Admittedly, a great deal of Keynesian steps are required right now, with supply sides having been disrupted and demand having collapsed. A double-whammy is actually an understatement, going by the outlook for de-growth.

A heartening development though, is the speed with which the ₹3 lakh crore Guaranteed Emergency Credit Line (GECL) — of 20 per cent of existing loans for Micro, Small and Medium units with borrowings of up to ₹25 crore from the system — has been finalised for rollout. The relevant date for assessing those eligible for GECL would be February 29, 2020.

If a unit had a loan outstanding of ₹100 lakh as on that date, almost by right, it would get ₹20 lakh and this additional loan — both principal and interest — is fully guaranteed by the Credit Guarantee Trust Company of the government.

The Small Industries Development Bank of India (SIDBI), which is to administer the scheme, has already circulated the scheme details to the lending institutions. It is said that the tireless follow-up of SIDBI Chairman saw to it that the scheme was drafted and delivered to banks within 24 hours flat.

The total loans of the banking system to MSMEs stand at about ₹16 lakh crore and those of NBFCs, about ₹1.75 lakh crore. The GECL will suffice to meet the needs of all MSME units in both banks and NBFCs as one of the conditions is that the unit should not have had overdues of more than 60 days as of February 2020. The turnover limit for eligibility is ₹100 crore.

In a carte blanche of sorts, banks and NBFCs have now been given the liberty to disburse this additional 20 per cent straightaway. The stressed portion in the MSME segment is high but even if one were to assume a 15 per cent stressed portfolio and a further 5 per cent for exclusions due to data skewness (loans to individuals for personal vehicles, etc., are exempted from the scheme), about ₹14.5 lakh crore of loans get covered by the GECL. Thus, ₹2.8 lakh crore of loans will come on tap immediately.

Banks are gearing up for Pre-Approved Limits (PAL) for this extra loan and customers who are eligible will also be intimated and offered this loan through an active outreach.

Powers are being delegated to the branches so that the rigmarole of the routine sanction process does not stymie this step.

Under pressure to disburse this loan, the banks are even now being monitored daily by the Department of Financial Services. Sometimes even intra-day updates are being called for.

The Finance Minister said last Sunday she would take stock weekly. Bank chiefs led by the SBI Chairman have told the operating staff that additional funding to MSMEs is a sine qua non for loan growth this year. The key point is that the system realises how important its responsibility is.

The disbursal of this ₹3 lakh crore — which has been strategically packaged without a direct fiscal impact — will put money in the hands of MSMEs. It is expected to have a trickle-down effect.

One wishes that the next two steps of subordinated debt support of ₹20,000 crore and the equity of ₹50,000 crore, which is part of Atmanirbhar, also become realities soon. That will complete the comprehensive new deal for the sector, one of the largest employers.

The MSME sector will lead the economic revival with this 100 per cent government-guaranteed loan support.

Source: thehindubusinessline.com– May 26, 2020

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GDP growth seen at 1.2 per cent for Q4 FY20: SBI report

The country's GDP is estimated to have grown at 1.2 per cent in the last quarter of the previous fiscal as economic activity came to a standstill in the last week of March due to the nationwide lockdown to contain spread of Covid-19, a report said.

According to the SBI's research report — Ecowrap - the gross domestic product (GDP) growth is likely to be 4.2 per cent for FY20 and (-) 6.8 per cent for FY21.

The fourth quarter GDP growth number for FY20 will be announced by the National Statistical Office (NSO) on May 29.

In the third quarter of FY20, GDP growth slipped to a nearly seven-year low of 4.7 per cent. In Q1 and Q2 of FY20, GDP growth was 5.1 per cent and 5.6 per cent, respectively.

The research report said that Q4 (FY20) GDP growth would be around 1.2 per cent as the economic activity in the last seven days of March month was completely suspended due to the nationwide lockdown.

The report sees a loss of at least ₹1.4 lakh crore during those seven days of lockdown. Subsequently, the annual FY20 GDP growth would be around 4.2 per cent as compared to 5 per cent as it was projected earlier, the report said. It estimates FY21 GDP growth to be around (-) 6.8 per cent and gross value added (GVA) growth would be nearly (-) 3.1 per cent.

The loss is maximum (around 50 per cent) in red zones and where almost all the big districts of the country are located. The combined loss of orange and red zones is around 90 per cent of total loss.

State-wise analysis indicates that top 10 states accounted for 75 per cent of total GDP loss with Maharashtra contributing 15.6 per cent of total loss followed by Tamil Nadu (9.4 per cent) and Gujarat (8.6 per cent). These three states also have the largest number of confirmed Covid-19 cases in the country.

The report further said COVID-19 cases in the country could peak anytime in the last week of June.

Based on the current 7-day moving average of new cases witnessed in the country, the new cases are likely to peak somewhere in the last week of June, beginning June 20, the report said.

Following that, the new cases are expected to witness steep fall till the beginning of August after which it is expected to gradually reduce to flatten by mid-September.

The report, however, said the estimates are purely based on an assessment of current trends that can quickly change given the cyclonic disaster in West Bengal and the continued return of migrant labourers.

The number of Covid-19 cases in the country stood at 1,45,380, as per health ministry data.

Source: thehindubusinessline.com– May 26, 2020

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PSBs to provide emergency credit to MSMEs at 7.5% interest rate

Businesses, including micro, small and medium enterprises (MSMEs), with an annual turnover of ₹100 crore, are likely to get emergency credit at 175 basis points lower than the capped interest rate.

“PSBs have come forward to provide additional working capital term loans at 7.5 per cent interest rate, much below the maximum cap of 9.25 per cent, which will benefit MSMEs in these difficult times,” said a tweet from the Finance Minister’s Office.

Since most banks have adopted repo rate as the external benchmarking tool for determining the rate of interest on new loans given on or after October 1, 2019, it may not be difficult for banks to implement this scheme. Also, the new credit loan is fully guaranteed for principal as well as interest repayment.

The ₹3-lakh crore Guaranteed Emergency Credit Line (GECL) for business enterprises/MSMEs intends to provide cheaper and easy working capital credit.

The scheme, which has been made operational now, caps the interest rate at 9.25 per cent (for banks and financial institutions) and 14 per cent (for NBFCs). As on date, various banks charge interest of 10.55 to 16.25 per cent, while for NBFCs the rate of interest ranges between 10 per cent to 30 per cent.

Under the scheme, a one-year moratorium on the principal amount is offered, but interest is payable during the moratorium period. The principal is to be repaid in 36 instalments after the moratorium period is over. It will be a pre-approved sanction limit of up to 20 per cent of the loan outstanding as on February 29 to eligible borrowers.

It will in the form of additional working capital term-loan facility (in case of banks and financial institutions), and additional term-loan facility (in case of NBFCs) in view of the Covid-19 crisis as a special scheme. This will also include Mudra borrowers.

Eligibility includes annual turnover of up to ₹100 crore and outstanding loan up to ₹25 crore (should be less than or equal to 60 days past due) on the prescribed date. A borrower could get credit up to ₹5 crore.

Source: thehindubusinessline.com– May 26, 2020

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View: With the global supply chain being reconfigured, India must intelligently restructure its economy

Covid-19 has changed our collective calculus of uncertainty. It is more global in scope, more profoundly impactful, and much more complex than any crisis that countries and companies have ever experienced. The next normal requires confronting uncertainty head-on and building it into decision-making.

To my mind, ‘Respond, Recover, Thrive’ captures the spirit of the Indian government’s reactions to the pandemic, the economy and building for the future. That was evident in the announcements last week to revive and restructure India’s economy, with multiple policies that will find common cause with another fallout of the contagion — possible reconfiguring of the global supply chain by multinationals.

The two are linked and is likely to become more so. Plainly, it makes sense for India's domestic market of 1.32 billion consumers to be viewed as an opportunity.

Equally, this is a market that global manufacturers need to target for their long-term viability in a riskier world. That is the real measure of the moment and the government is right to pursue a restructuring of India anchored by the following strategic objectives:
*Unifying India with economic development that is plural and rural.
*Balancing the approach to regional development.
*Strengthening and leveraging India's domestic market to attract FDI.

*Modernising agriculture, to create value-addition and advance rural aspirations.

The outcome is long-term employment and opportunities that will, in turn, strengthen the economy qualitatively and commercially. The clear differentiator for India, as it was for China two decades ago, is its large domestic market. It is a pathway to local scale, climbing the competitive value chain, as well as building an export base. This is the India that is on global companies' radar as they consider de-risking their manufacturing in an evolving new world order. There appear to be three strategies, and India is central in each.

Make it Here, Make it Now

First, multinationals are looking at 'China Plus One', effectively hedging against a primary location. Second, and less likely, is an alternative to China. Finally, companies want locationswith big local markets and low cost so they can scale up and produce for both, the domestic market and exports.

Consider this. I see exports from China in several sectors, including pharmaceuticals, mechanical equipment, textiles and auto parts, totalling $1 trillion, which present an opportunity for India. These cover activities where China has no advantage (less than 30% of China exports), is sizeable (more than $5 billion), and where India can substitute (where India exports at least 1% of global trade).

Part of India's 'pull' is its engineering, computing and science workplace talent, from a higher educational network that graduates millions each year. That has been a competitive advantage for years, a global franchise.

Foreign investor orthodoxy is that such systemic transition is fanciful, without a heroic unwinding of regulations, for instance, to buy land, let go surplus workers, or bid for contracts where procurement processes remain baroque.

However, India's aspirations have been whetted by its improving ease of doing business, though more needs to be done. There is also an accelerating network of clusters, boosting infrastructure in farming economies with large populations. Second, sectors such as auto manufacturing (India is the world's fifth largest market) and a components ecosystem, are typical of industries incubated in an earlier phase of reform that have grown to world-class scale and quality, and today are a plug-and-play for incoming foreign manufacturers.

In a world where supply chain security, and not just costs, could determine location, India feels like a good long position. Our information technology industry has demonstrated this during the pandemic. On this reasoning, five sectors, all big employers, as well as a force for rebalancing regional development disparities, were singled out in last week's announcements by finance minister Nirmala Sitharaman. They are food processing, pharma, defence, textiles and electronics.

Take food processing. At $500 billion in annual economic activity, this is the fifth-biggest industry in India by production, exports and consumption. We are among the leaders in producing milk, coffee, wheat, rice, sugar, fruit and vegetables. Yet, only one-tenth of produce is processed, yielding little value creation in either incomes or productivity. Food processing is potentially a big employer, from small units at the farm gate to industrial size in tertiary processing. Announcements on pricing deregulation and financing processing infrastructure at the farm gate should help producer organisations and micro enterprises.

Handholding, Each Other's

That is brave, but there is scope for more. The answer, I believe, is a strategy of food diplomacy, consumer awareness and import substitution, and anchor investments that generate growth, scale and value. One quick accelerator would be to incentivise partnerships between food companies, machinery manufacturers, research and academic institutions and startups to develop processing and packaging technology. Food processing can become for this government what car and auto-components were to its predecessors two decades ago.

In this past week's announcements, the thread for me was empathy and prudence: the first in its attention to employment; the second in fiscal responsibility and a recognition of the value proposition at India's core. Equally commendable has been the honest admission that we are in uncharted waters, and are willing to experiment and invest in what the future may hold.

Source: economictimes.com– May 26, 2020

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Retailers, small businesses not registered as MSMEs eligible for emergency credit

The Rs 3 lakh crore emergency credit borrowing scheme for Micro, Small and Medium Enterprises (MSMEs) announced by the govt on May 12 will also cover retailers and other businesses. Retail businesses devastated by the 62-day lockdown have been declared eligible for the scheme, although they are not recognised or registered as MSMEs.

Finance ministry sources say that the inclusion covers members of the nearly seven crore strong trading community. The emergency credit line facility provides 100 per cent guarantee coverage by National Credit Guarantee Trustee Company (NCGTC) to member lending institutions or MLIs on up to Rs three lakh crore to eligible MSMEs.

With the National Credit Guarantee Trust corporation or NCGTC releasing the guidelines for the scheme today, it has been clarified that MSMEs/business enterprises — constituted as proprietorships, partnerships, registered companies, trusts and limited liability partnerships (LLPs), and also interested borrowers under Pradhan Mantri Mudra Yojna or PMMY — would be eligible for the scheme.

The assistance under this scheme will come in the form of additional working capital through a term loan facility for eligible MSMEs and other businesses.

Credit under the scheme would be up to 20 per cent of the borrower's total outstanding credit up to Rs. 25 crore, excluding off-balance sheet and non-fund based exposures, as on February 29, 2020, i.e., additional credit shall be up to Rs 5 crore.

Speaking to India Today TV, Confederation of All India Traders (CAIT) General Secretary Praveen Khandelwal, said, “The Covid-19 lockdown has seriously hurt the retail businessmen and traders. The losses over the last 60 days are estimated to be over 9 lakh crore and loss on GST is over Rs 1.5 lakh crore.“

CAIT estimates that before the pandemic struck, retail businesses had a daily turnover of over Rs 15,000 crore. Khandelwal says that the losses are going to mount as revival is difficult. “Only 5 per cent of the pre-Covid business is back after the easing of restrictions and only 5 per cent of the workforce is back. If the crisis continues by December, retail businesses would be in serious trouble.”

The Guaranteed Emergency Credit Line (GECL) facility was approved by the Union cabinet on May 22.

Retailers and wholesalers, as per the MSME ministry’s June 2017 Office Memorandum, did not figure in the eight activities in the “manufacture or production of goods or providing or rendering of services in accordance with section 7 of the Micro, Small and Medium Enterprise Development Act, 2006.”

MSME minister Nitin Gadkari during a series of interactions via video conference assured the trading community that the government would try to address the crisis faced by them via the inclusion of traders under the MSME sector as service providers. What makes the new guarantee scheme attractive is the capped Interest rates at 9.25 per cent for banks, and at 14 per cent for NBFCs on loans provided for 4 years along with a 12-month moratorium.

This improves lending as banks levy interest between up to 17 per cent and NBFCs charge up to 30 per cent.

More on the scheme

The scheme would be applicable to all loans sanctioned under GECL during the period from May 23, 2020 to October 31 2020, or till an amount of Rs. 3 lakh crore is sanctioned under GECL, whichever is earlier.

The eligibility criteria for MSMEs under the scheme along with the Rs. 25 crore credit ceiling as on 29.2.2020 and an annual turnover of up to Rs 100 crore in FY 2019-20 are:

* The Scheme is valid only for existing customers on the books of the Lending institutions

* Borrower accounts should be classified as regular, SMA-0 or SMA-1 as on 29.2.2020. Accounts classified as NPA or SMA-2 as on 29.2.2020 will not be eligible

* The MSME borrower must be GST registered in all cases where such registration is mandatory. This condition will not apply to MSMEs that are not required to obtain GST registration.

* Loans provided in individual capacity will not be covered under the scheme.

Source: indiatoday.in– May 26, 2020

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Proto-type test samples of PPE Coveralls are now being tested and certified by Nine authorized laboratories

The PPE Coveralls in India are manufactured keeping in view of the safety of the health professionals as the most important criteria. The proto-type test samples of PPE Coveralls are tested and certified by Nine (9) authorized laboratories as per the technical specifications prescribed by the Ministry of Health & Family Welfare.

The test standards are in conformity with the WHO Guidelines for COVID-19, and tested in accordance with ISO 16603 Class 3 and above for 'Synthetic Blood Penetration Resistance Test'. The PPE is designed to be resistant to passage of any fluid or aerosol particle for complete protection of its user.

All government procurement agencies and private hospitals have been advised to procure the materials from Certified Agencies having Unique Certified Codes printed on the inside of the Coveralls.

The users and procurement agencies are requested to procure materials from the Certified Manufacturers after verification of the Certificates on the weblink provided on the Ministry of Textiles website www.texmin.nic.in.

Further, the procurement agencies are advised to periodically collect random samples from the PPE Coverall supplied lots and get these samples test checked from the nine (9) approved laboratories whose details are available on www.texmin.nic.in.

Source: pib.gov.in– May 26, 2020

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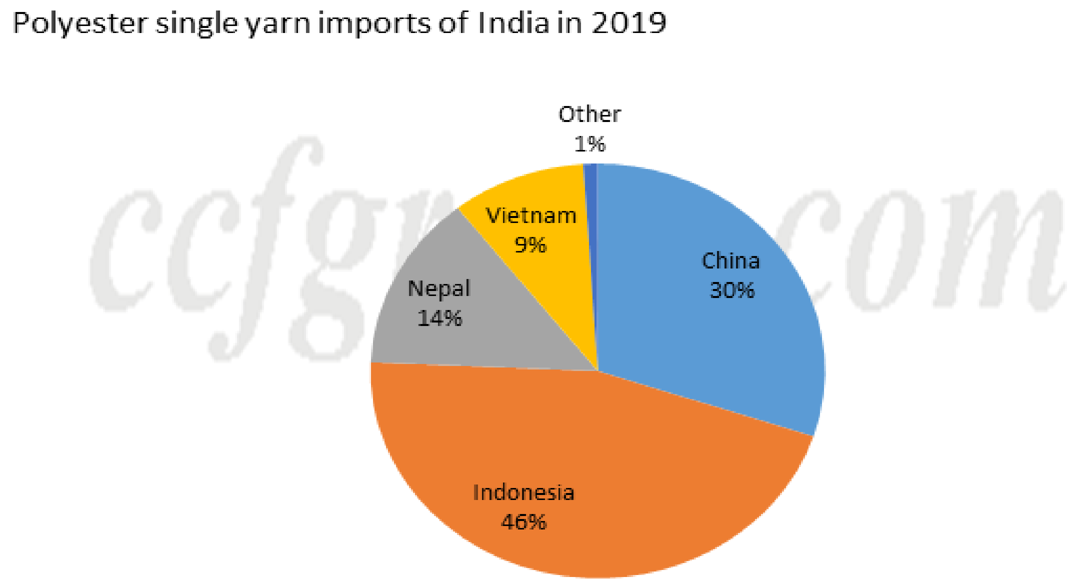
Impact of India's anti-dumping investigation on China polyester single yarn market

According to Ministry of Commerce, the Ministry of Commerce and Industry of India announced that it will initiate an anti-dumping investigation on polyester yarn (polyester spun yarn) originating in China, Indonesia, Nepal and Vietnam on May 21, 2020. The products mainly involves the products under Indian customs code 55092100. According to the announcement, stakeholders should submit relevant information to the investigating authority within 30 days from the date of filing.

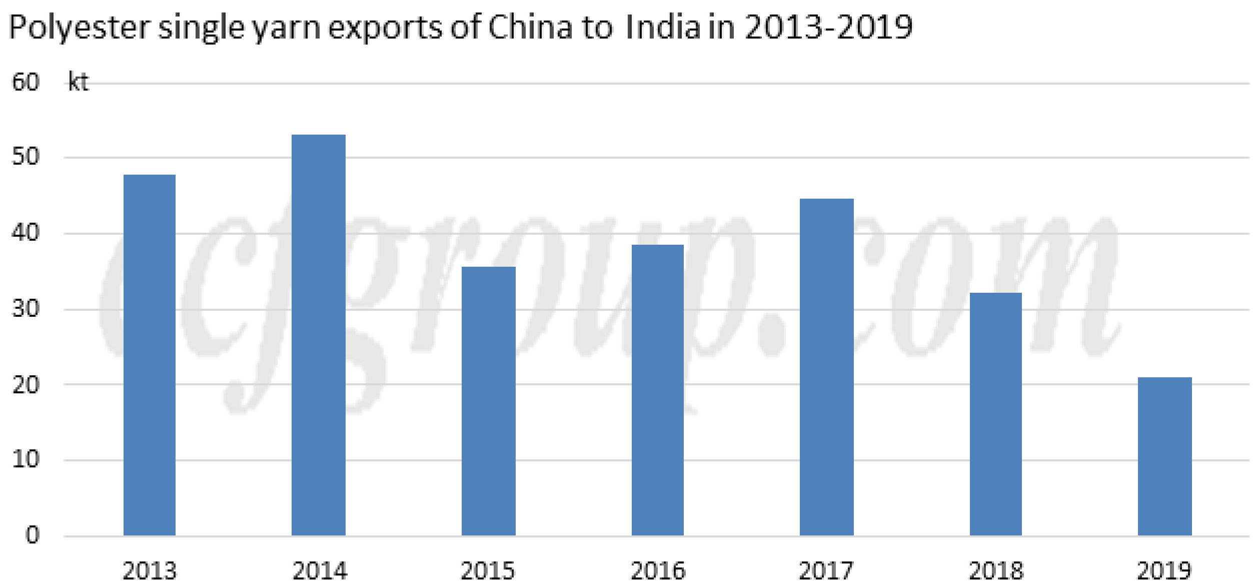
So what's the impact of the anti-dumping investigation on China polyester single yarn market?



Looking from polyester single yarn imports of India, it totaled 64kt in 2019 with 46% from Indonesia and 30% from China. However, the imports from the countries involved in the investigation-China, Indonesia, Vietnam and Nepal- accounted for 99% of total polyester single yarn imports of India, which nearly covered all polyester single yarn imports.

During the pandemic, demand for polyester single yarn was bearish both in India local market and overseas, and Indian spinners suffered much. The anti-dumping investigation at this time is to protect and support Indian local spinners to a certain extent. In the meantime, import pattern may be changed to promote Indian local spinners to occupy the market.

Polyester single yarn exports of China amounted to 218kt in 2019 and among the total, about 21kt was exported to India. Comparatively, India's anti-dumping investigation will impact the polyester single yarn exports of China as the export orders were already sporadic and the investigation will bring more problems, but due to limited shares, the impacts will not be as large as imagined.



In recent years, polyester single yarn exports of China to India declined year by year. In 2020, the export orders nearly stagnated, so the anti-dumping investigation will inevitably intensify the downtrend. As economic activities recover gradually across the world, some spinners in China reported to take export orders. Based on the favorable factors, the export orders are expected to restore. Many spinners may prefer to export to other countries instead of India.

As a whole, the anti-dumping investigation may have large impact on India local import market, and later, China's exports of polyester single yarn to India is expected to reduce.

Source: ccfgroup.com– May 26, 2020

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CMAI requests govt for temporary levy of additional import duty on import of readymade garments

The Clothing Manufacturers Association of India (CMAI), representing the interests of close to 4,000 members and servicing over 20,000 retailers, has written to the Minister of Textiles Smriti Zubin Irani, and the Minister of Commerce and Industry Piyush Goyal, and has submitted a representation to the Government to consider levying a temporary additional COVID Duty on all imports of apparel and readymade garments, including on those garments imported from countries with whom India has a Free Trade Agreement, especially Bangladesh.

CMAI has for long been drawing the Government's attention to the dangers posed by the duty-free imports of garments from Bangladesh, and with it the back-door entry of Chinese fabrics into India – and its consequent impact on the MSME dominated domestic garment industry.

The significant rate of growth of these imports are well documented, and needs no repetition, except to state that the surge continues unabated, as the following table would highlight:

The Government has in several of CMAI's discussions and interactions pointed out to the various treaties signed with Bangladesh and other SAFTA countries, and that it would be difficult, if not impossible, to dilute the agreements.

However, CMAI has urged the Government to consider the dramatically changed circumstances prevailing today, in the aftermath of the COVID 19 disaster.

The Indian textile industry has been hit hard by COVID-19 that has impacted exports as well as sales of apparel products in the domestic market. Based on a recent study done by CMAI, it is estimated that will be more than 40 percent drop in domestic demand of apparel due to the lockdown and the reduced demand as a result of COVID-19.

It is also estimated that more than 20 percent of the domestic units may face closure, being unable to survive the current crisis. The reduction in demand and revenue levels will lead to downsizing of operations, closure of units and job losses in Indian textile and apparel industry to the tune of 1 crore across the entire textile value chain.

In this crisis situation, it is important to think of innovative ideas and policies to support the industry to survive in the immediate term.

With this in view, CMAI has urged the Textiles Ministry to levy such an import duty on imports of garments and fabrics from all countries, including those with whom India has FTAs or Zero Duty Agreements.

Such an additional duty will result in a level playing field for the domestic manufacturers, and help them compete with the Bangladesh garment industry, which has currently at least 15 percent cheaper production cost.

This will have great positive impact on the Domestic Industry and will result in the quick recovery of hundreds of MSMEs who are today on the verge of collapse, and the possible savings of hundreds of thousands of jobs. Additionally this will enable the Government to collect approximately US$ 100-150 million for its fight against COVID-19 (depending on the quantum of duty imposed).

Being fully cognisant of the Government's constraints, CMAI has suggested that such a measure may be undertaken only for a limited period of time of 12 months, after which they can go back to their current agreements in force.

Source: indiaretailing.com– May 26, 2020

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Covid crisis: Textile industry wants debt restructuring package, extension of moratorium till March 31, 2021

Confederation of Indian Textile Industry (CITI), the apex body for Indian textile and clothing sector, has demanded a debt restructuring package and further extension of moratorium period till March 31, 2021.

Welcoming the recent monetary measures announced by the RBI governor, CITI chairman T Rajkumar said: “The foremost demand of the textile and clothing industry was a debt- restructuring package, the only solution to all the financial problems being faced by the industry. The textile industry needs one-time restructuring to make it viable and vibrant in view of the emerging international opportunities to replace China.”

Rajkumar stressed that repo rate cuts initiated by the RBI on several occasions in the last one year had not been fully transmitted by banks to borrowers —whatever passed on were minuscule. The textile and clothing industry wants the banks to be advised to transfer full benefits of RBI’s recent and earlier repo rate reductions.

Though the decision of margin money reduction, and deferring of interest on working capital for six months with an option that the interest on moratorium can be converted into FITL or term-loan and can be repaid by March 2021 was beneficial, repaying interest amount within next six months would be a daunting task for the T&C industry that is grappling with the lockdown situation at the moment, Rajkumar said.

The RBI governor’s decision to extend moratorium period for another three months to August has definitely brought some relief to the T&C industry, but the moratorium period should further be extended till March 31, 2021, to ease the financial burden on companies in an industry badly hit because of its highly capital and labour intensive nature, the CITI chairman said. The industry provides employment to more than 110+ plus million people.

CITI chairman thanked the RBI governor for reducing repo rate by 40 basis points, under the liquidity adjustment facility (LAF), bringing it down to 4% from 4.40% with immediate effect. Accordingly, the marginal standing facility (MSF) rate and the bank rate stand reduced to 4.25% from 4.65% and the reverse repo rate, under LAF, now stands reduced to 3.35% from 3.75%.

The extension of maximum possible period of pre- and post-shipment of credits from 12 months to 15 months would boost the prospects of the industry, he said.

He hoped that in the coming days, RBI would come out with more relaxing norms as the outlook towards economic activity other than agriculture is likely to remain depressed in Q1 and Q2 of 2020-21, and the recovery is likely to be expected in Q3 and Q4 as supply lines would gradually be restored to normalcy and demand would gradually revive.

Source: financialexpress.com– May 27, 2020

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Logistics to be game-changer for delivery businesses amid Covid if they make this cost-effective move

Logistics for MSMEs: Logistics has suddenly been thrust to the centre of the Covid-19 pandemic across the globe. Things are no different in India. Logistics is no longer an activity that happens in the background, it is now the differentiator. The pandemic has brought both opportunities and challenges for startups.

The strange thing is that both the challenge and the opportunity is logistics. For e-grocery, e-commerce, food delivery, and other on-demand service companies, this period might very well be the epochal moment when they can deeply integrate themselves into the daily lives of consumers. But for that to happen, logistics will have to play a critical role.

On the ground

Most people are familiar with the last-mile delivery, but logistics is a lot more than just that. Online players either tie-up with FMCG companies, farms, wholesalers, etc to source the required items and this means that logistics is involved in every step of the process — right from the farm to the warehouse, warehouse to area-specific hubs and finally from hub to customer. Delay at any step has ripple effects and leads to late delivery.

While unaccounted delays is an impediment, the other big cause for concern is the manpower. E-groceries and e-commerce players are running their operations with just around 60 per cent of their usual manpower. According to various news reports, the big guns are hiring thousands of on-ground staff to meet the surging demand and some are even willing to pay more compensation to these workers.

The mass hiring also means that the new staff needs to be trained not just in contactless order execution but also on the sanitization best practices, both for their own safety and the customer's safety. All this has meant that customers have had to wait longer to get their orders.

Startups have obviously realized this and being the resourceful lot, they are now tying up with other companies who can offer complementary assets/skill sets. For example, Flipkart and Bigbasket have tied up with Uber to deliver essentials. A strategic partnership like this ensures that deliveries happen in a more predictable manner and also the driver workforce gets to earn too.

These strategic partnerships haven't just been on the delivery front, it is also happening on the supply side of the equation. Spencer's Retail and Flipkart recently tied up to ensure hyperlocal delivery of essentials and groceries. According to reports, Spencer's will become a seller on Flipkart and offer special packs of essentials. This again combines the last-mile delivery of Flipkart with the supply of Spencer's Retail.

Another trend that is shaping up is the deepening alliance between FMCG companies, modern trade (MT) supermarkets, and e-commerce players. FMCG companies are integrating tightly with MT outlets and e-commerce companies to push their stocks because delivering to the traditional mom and pop stores has become tough.

Road ahead

There is no doubt that logistics will be the game changer moving forward. And technology will play a key role in enabling better logistics. For example, app-enabled deliveries already have lower onboarding and training time of new staff.

The staff can simply depend on the technology for planning and go about executing the tasks. Also, technology has now made contactless delivery so simple by adding an electronic proof of delivery, like a photo of the delivered order. Startups are upping their logistics game with these technology improvements.

The penetration of technology in logistics will only increase from here. Logistics Software-as-a-Service (SaaS) will see a lot of reception as companies will want to pay as they go instead of upfront fixed software charges.

SaaS will make logistics software affordable. More importantly, technology will help companies manage their resources better and also give deep-dive analytics to enable better decision making. The old manual way of managing logistics will soon be discarded, as logistics operations will only become more complex.

With Covid-19 shaking up the existing logistics structure, companies will want to have more captive control over their logistics operations. Some startups might even look at reimagining their existing supply chain to make it nimble and adaptive to change. For global companies and well-established startups, the new mantra will be 'China plus one'.

Companies will diversify their suppliers/vendors and add another country along with China to source their material from, so as to reduce the potential impact of any adversity. To put it simply, Covid-19 has ensured that logistics is now at the forefront of every business.

Source: thehindubusinessline.com– May 26, 2020

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Crop diversification: More farmers opt for cotton in Punjab

The Punjab government on Tuesday said its crop diversification programme has received a massive response from farmers with the state nearly accomplishing its goal to bring 12.5 lakh acres of land under cotton cultivation.

Additional chief secretary (ACS), development, Viswajeet Khanna said the diversification of the cropping pattern away from paddy helps save water improve soil fertility and avoid winter stubble burning, thus preserving and improving the environment in a very substantial way.

The state had recorded sowing of cotton over an area of 10 lakh acres so far and the set target would be achieved very soon, he said in a statement. Last year, cotton was sown over 9.7 lakh acres of land.

Khanna said the agriculture department had made timely and adequate arrangement of fertiliser and hybrid seeds of BT Cotton well in advance to ensure seamless sowing of cotton crop across the state amid curfew/lockdown due to Covid-19.

"Bathinda district has recorded maximum sowing of 3.39 lakh acres followed by Fazilka with 2.38 lakh acres and 2.1 lakh acres in Mansa," he said. The agriculture department has also coordinated with the Cotton Corporation of India (CCI) to buy last season's remaining cotton produce from farmers at the assured MSP and for this 19 markets have already been made operational in the cotton belt.

The ACS, development, said the department had also started a vigorous campaign to remove weeds (host plants of white fly) from vacant plots, roadside and open grounds. All chief agriculture officers have been directed to complete this task in a mission mode, he said.

Source: thehindubusinessline.com– May 26, 2020

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Coronavirus pandemic | Centre may allow export of masks as manufacturers complain of unsold reserves

The Centre is looking at allowing the export of certain type of face masks once India starts producing them in surplus capacity. Government sources have informed that a final call will be taken on this in the next few days.

The move comes amid requests from indigenous mask manufacturers to allow the export of surplus produce, reported Business Standard. After banning the export of masks of all kinds starting March, the director-general of foreign trade allowed export of non-surgical category masks from mid-May. Elaborating on the way ahead, a senior government official said: "A webinar is planned with the Ministry of Textiles on May 26. We will be discussing surplus production and the idle capacity available with manufacturers. A decision on allowing exports would be taken soon."

He said the government is not willing to make any decision in haste as it is likely that demands will spike in the days to come with the gradual opening of the economy amid the coronavirus threat. "With the lockdown easing and flights resuming, there can be a spike in demand for face masks in India too. We want to monitor the situation a bit and then take a call."

The Association of Indian Medical Device Industry (AiMeD) had written to the Pharma Secretary PD Vaghela — who also chairs the essential medical equipment committee — in this regard. They had requested him to push for allowing the export of three-layer surgical masks and N95 respirator masks.

AiMeD forum coordinator Rajiv Nath has said many manufacturers have begun cutting down the production of masks or stopping them altogether in the past weeks, as they have huge reserves of unsold products. Prices of these masks have reportedly plummeted due to falling demands, as clients are preferring lower cost two to three-layer masks now.

For instance, Sudhir Reddy, Promotor, Lesure Industries, has claimed to have ramped up his production capacity to 1,00,000 masks per day, but is waiting to start manufacturing in bulk only after exports re-open.

Source: moneycontrol.com– May 26, 2020

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SGTPA wants direct delivery of unfinished fabrics to mills

The South Gujarat Textile Processors Association (SGTPA) has called for abolition of the practice of supplying grey cloth or unfinished fabric from power loom units to textile markets to stop the spread of the novel coronavirus. Instead, the association urged textile traders to make arrangements for direct delivery of unfinished fabrics to textile mills.

SGTPA president Jitendra Vakharia told a top English-language newspaper that as around 40 textile mills will be operational after May 25 and retail stores and wholesale cloth markets in most states have started operations, the demand may be generated in the next fortnight, if no further lockdown is announced by the government.

The smooth operation of the man-made fibre (MMF) textile chain in and around Surat has been disturbed with about 95 per cent of the textile markets in the red zone yet to restart operation.

Faced with the mass exodus of migrant labourers and subdued demand of fabrics, the MMF industry has started with 30,000 power loom machines, which is 20 per cent of the installed capacity of 6.50 lakh machines.

According to Ashish Gujarati, president of Pandesara weavers association, less than 10 lakh metres of fabric is weaved every day now against the installed capacity of 4 crore metres. The production will continue till yarn stocks last, he added.

The power loom units have reportedly resumed operation to safeguard their yarn stock, which was gathering dust in the units for the last 60 days. Viscose yarn was lying in the godowns for almost two months and the stock has to be utilised before monsoon season before fungus growth.

Source: fibre2fashion.com– May 27, 2020

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Punjab's PPE makers look for export opportunities

With bulk of units in Punjab manufacturing personal protection equipment (PPE) suits not getting orders, textile industry is looking towards the Union government for allowing export of protective gears to other countries to help them cash in on the business opportunity.

Using their capacity for alternate use during curfew period, a large number of textile units installed machinery required for manufacturing PPE kits - full body cover suit with helmets, gloves and face shields - as per prescribed standards.

With assistance from the state department of industries and commerce, samples of about 61 units got approval from the national testing laboratories such as the South India Textile Research Association (SITRA) and the Defence Research and Development Organisation (DRDO).

The current production capacity of these approved units, of which majority are in Ludhiana, is about 2 lakh PPE suits per day and 1 lakh meter of fabric per day. The industries department had initially facilitated about 13 units fetch order worth around Rs 216 crore through HLL Lifecare Limited, Thiruvananthapuram-based healthcare product manufacturing company, and also helped them get orders from other state government such as Andhra Pradesh, Arunachal Pradesh, Sikkim and Odisha.

The micro, small and medium enterprises (MSMEs) units in Punjab have suffered an estimated loss of Rs 4,169 crore since outbreak of Covid-19, which caused disruption of activities and fall in demand. Allowing export of PPE kits is one of the recommendations among the measures suggested by the state government to central government for revival of industry in Punjab.

Confederation Of Indian Industry Punjab chairman Rahul Ahuja said there was lot of potential in export of safety gear to other countries. "It's a good business opportunity for units in the state during this lean period," said Ahuja. He, however, said ensuring quality of products would be a challenge for the units.

"There have been reports of few units compromising with the quality, which is totally unacceptable. There can be no compromise with quality as it is question of safety of frontline workers," stated Ahuja. He also requested the Union government to allow the units to export PPE kits.

With 14% of the total cotton yarn in India being produced here, Punjab is one of the biggest textile hubs in the country and is growing on a positive pace.

The state is the largest producer of blended yarn and is ranked fourth in the country in spinning capacity. Ludhiana has the biggest manufacturing cluster for textiles in north India. The textile industry accounts for about 19% of the total industrial production of the state and contributes about 40% of the total exports from the state.

The US, United Arab Emirates (UAE), Iran, Bangladesh, and Saudi Arabia are the top export destinations.

Sibin C, director, industries and commerce, Punjab said the state government would soon seek permission from the Centre to allow the Punjab-based units to export PPE kits to other countries.

Source: timesofindia.com– May 26, 2020

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Looking up: E-commerce orders for Amazon, Flipkart, Snapdeal, others recover to near pre-Covid levels

India's e-commerce sector seems to be on a recovery spree just around three weeks after the government started easing lockdown restrictions for online delivery of goods. Nearly 70 per cent of the pre-Covid order volume, according to e-commerce-focused cloud solution provider Unicommerce, has been re-gained by the e-commerce sector that is led by Amazon, Flipkart, Snapdeal, BigBasket, Grofers and others.

Unicommerce, which provides cloud-based solutions to manage inventory and orders, said it processes over 20 per cent of e-commerce volume with over 10,000 e-commerce sellers using its services to sell on multiple e-commerce platforms across categories including Myntra, Urban Company and multiple brands such as Forever New, Jack & Jones etc. Through its solutions, Unicommerce processes 5 lakh daily orders.

"The e-commerce industry is showing good signs of recovery and is expected to return back to normal in four-five weeks. Since the onset of lockdown 4.0, e-commerce has seen a consistent increase in orders.

However, consumers are ordering specific products basis requirement, such as trimmers and chargers in electronics, kids clothing, home decor items etc.," Kapil Makhija, CEO, Unicommerce told Financial Express Online.

The Ministry of Home Affairs had allowed e-commerce companies to take orders for non-essential goods as well and deliver them in green and orange zones from May 4 onwards during lockdown 3.0. In the latest lockdown, which began last week, the government had further relaxed e-commerce operations to service red zone too except containment areas.

Since then, Amazon, Flipkart, Snapdeal etc. have claimed speedy recovery in orders placed and product searches on their platforms. Snapdeal claimed 65 per cent orders coming from red zone on day 1 – last Monday.

Among the categories recovering in the past few days, apparels saw 40 per cent order volume back to pre-Covid level. "People are ordering more of comfort clothes like shorts and t-shirts. However, it's interesting to see that the kids apparel has done better recovery, with weekly sales similar to pre-lockdown volume," the company said in its findings on the volume recovery shared with Financial Express Online.

Other segments that have regained in the third and fourth phases of lockdown have been electronics and home décor by around 30 per cent and 50-60 per cent respectively. "People are ordering USB cables, chargers, trimmers and other important products. The demand for ACs and coolers has also increased with rising temperature across India," the company said.

For home décor, the numbers are likely to increase in weeks ahead. On the other hand, the eyewear segment witnessed orders decreasing by almost 45-50 per cent. "It will take time to regain the market as sales for sunglasses will increase, once people start going outside."

"We are expecting that e-commerce will see a major surge in the long run. In fact, the number of online sellers is also expected to increase in the coming months. We have already seen inquiries for Unicommerce platform doubling since last one month," said Makhija.

The growth in volumes indicate that the e-commerce companies are out of the Covid times and are likely to see further increase in demand irrespective of the Covid situation in the country. "This (online buying) will happen even if the Covid cases increase in India including for non-essential goods. Such products anyway don't have sustained demand like essential goods such as grocery. So there will be sudden surge and then it will normalize whether the cases increase or not," Arnav Gupta, an analyst at Forrester had told Financial Express Online.

Source: financialexpress.com– May 26, 2020

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All cotton will be procured in Ytl before June 5: Minister

Yavatmal: District guardian minister Sanjay Rathod declared on Tuesday that all the cotton would be procured from the online registered farmers across the district before June 5. He also urged officials to expedite the procurement process and instructed them to process 900 carts per day.

Rathod announced the decision after a video conference with chief minister Uddhav Thackeray, and a review meeting at the Planning Conference Hall.

There were 2,45,554 cotton growers in the district during 2019-20 harvest season and 50,27,172 quintals have been procured. However during March 24 to May 2 the procurement was stopped due to the Covid-19 pandemic.

On April 29-30, 30,876 farmers registered their names online in the APMCs. Out of the 52 ginning mills, 44 have signed procurement agreements with CCI and the federation. However, only 28 ginning mills could start due to the lockdown.

Till May 22, 3,19,534 quintals have been procured from 12,000 registered farmers by CCI and the federation. Private agencies have purchased a total of 2,70,000 quintals till May 22.

Cotton from 17,432 farmers is yet to be purchased, and according to the plan, it should be procured before June 5, said Rathod. The cotton left now with farmers is estimated at 4.50 lakh quintals.

A door-to-door survey has already been underway since May 20 and farmers have been asked to produce their credentials and the stock with them when the survey team visits their houses.

As per CCI norms, each farmer can sell maximum 40 quintals only. Farmers should not manipulate their stock with the connivance of private players, Rathod said.

Regarding procurement of tur and gram (chana), the minister said 49,912 farmers have registered their names to sell tur. So far 96,000 quintal of tur has been purchased through 16 procurement centres.

Till June 15, 9,000 quintal of gram was also expected to be purchased, he added.

Source: timesofindia.com– May 27, 2020

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‘Let’s Mask India’, but with cloth

Campaign organisers say disposable masks are only for medical professionals

Over the past week, volunteers have not only been distributing free, reusable masks to residents of slums in the city, but also returning to get feedback from them. This is part of a ‘Let’s Mask India’ initiative by the textile industry in partnership with the Bruhat Bengaluru Mahanagara Palike (BBMP) and The Ugly Indians (TUI), an anonymous group of volunteers.

Bengaluru, which is the hub of the textile and garment industry, has a skilled workforce. Seven garment factories have signed up for the initiative. TUI, with its strong ground network, is looking into the distribution aspect.

“We are trying to collate data on the frontline workers, including healthcare professionals, ASHA workers, pourakarmikas, traffic police and others,” said a TUI volunteer.

Ever since the civic administration started levying fines for failing to wear masks, many people have taken to wearing disposable ones.

“However, disposable masks are meant for medical professionals. Due to lack of proper disposal, they are getting mixed with waste and are also landing up at dry waste collection centres. Conventional wisdom says that cloth masks are the best. Masks should become a garment that people own, a personal choice, much like underwear,” the volunteer added.

BBMP’s Special Commissioner (Solid Waste Management) D. Randeep cited the civic body’s campaign on masks — Be a star, wear a mask — which stresses on the use of reusable, cloth masks. “Many people are switching over to cloth masks to reduce waste and also the associated risks involved in using disposable masks,” he said.

Source: thehindu.com– May 26, 2020

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Shopping Centres Association urges Yediyurappa to open malls in State

'If lockdown continues, job losses will be imminent'

Representatives of the Shopping Centres Association of India (SCAI) met with Karnataka Chief Minister BS Yediyurappa, on Tuesday, seeking directions for immediate opening of shopping centres and malls in the State.

The association emphasised on the safety of the malls in the prevailing environment and assured the CM of its ability to ensure crowd control and provide a hygienic environment whilst maintaining social distancing norms. The SCAI has also submitted a set of SOPs it developed in preparedness of opening shopping centres to the Chief Minister at the meeting.

Amitabh Taneja, Chairman, SCAI, said: "Its been two months since the lockdown was announced; the industry suffered huge losses. If the present situation continues, the collapse of the industry is inevitable. We have been covering all overheads and fixed costs until now but there will come a time when the coffers will dry up as revenues have come to a complete standstill.

Job losses will be imminent and an impact on the retail will have a much larger spiralling effect on several other industries that are totally dependent on the retail segment."

He added, "The SOPs we have developed are quite stringent, taken from the best of the world. We are confident of ensuring safety at shopping centres. At this stage, our request is to treat shopping centres at par with other establishments that have been allowed to open, provide us with a level playing field and, allow us to resume operations."

Some of the highlights presented to the CM include category-wise opening in various phases in accordance with government directives, distance markers installations at the entry points/cash counters, restricted mall timings and customer entry and only one customer per 75 sqft GLA.

Only 50 per cent of total parking capacity to be used. Also, restricted washroom and usage policy, controlled entry and exit, social distancing and queuing of customers inside stores/food court 50 per cent staff strength in Phase 1.

Source: thehindubusinessline.com – May 26, 2020

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