# INTERNATIONAL NEWS

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# NATIONAL NEWS

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INTERNATIONAL NEWS

Chinese Apparel Market to See $60B Contraction

 Fifteen percent of the market wiped off due to COVID-19 with little "revenge-spending," according to Oliver Wyman survey.

SHANGHAI — The world’s largest apparel market is expected to see a 15 percent contraction this year, a survey conducted in April by Oliver Wyman found, equivalent to the wiping out of $60 billion in market value, with little retaliatory spending seen in April and May.

More than 75 percent of Chinese consumers reduced or postponed purchases on apparel and footwear. Total spending for survey respondents decreased by 45 percent in the first quarter, but consumer spending in China is expected to return to its 2019 level in the second half of the year.

“It is going to be a turbulent year, with structural and longer-term shifts in the apparel and footwear market in China,” said Imke Wouters, the Oliver Wyman partner who led the survey. “Despite the industry downturn, we are seeing the further growth of e-commerce, with an accelerated penetration into sub-segments, such as high-income customer groups. The post-COVID-19 market is expected to be more polarized across income levels and city tiers.”

In Wuhan, the epicenter of the COVID-19 outbreak, the retail spending decline was much steeper, falling 60 percent in the first quarter. The firm expects recovery to be slower in the city with spend for the rest of the year forecast to decline 30 percent year-over-year versus a national average of 3 percent positive growth.

While there have been a few examples of big bounce backs for some brands and retailers in China, such as record sales at Hermès and concept store SND, the overall landscape has been substantially impacted by COVID-19.

“It depends on the reference point. [Instead of sequentially month-by-month] we really ask consumers, ‘We want you to compare with pre-COVID-19 in 2019, are you spending now more or less?’” Wouters said. “In any market you have winners and losers, it really depends with segments you’re looking at, and a big part of the market is driven by lower income consumers and those consumers are not spending more.”
The survey found a marked divergence between higher and lower income groups, with the latter buying less and trading down for essentials. More than 60 percent of lower-income groups said they would purchase essentials only. On the other hand, the respondents from the high-income group said they would trade up and go for both value and quality, with 54 percent of them saying they would still look to buy products offering higher quality and functionality.

But the importance of offering value for money was key to both groups. More than 70 percent of lower-income respondents and 56 percent of high-income respondents said they preferred items offering value for money.

The firm also predicts that online channels could take up to half of the entire market in 2020, surging from 34 percent last year, although most consumers also stated they preferred to shop across multiple channels including off-line.

The virus is expected to hollow out a middle chunk of retail and accelerate existing trends. Sportswear showed stronger resilience in its offline presence than the general apparel market, the survey said, with Nike, Adidas and Anta leading the way. But sales in department stores are not expected to come back robustly and the impact on China’s high-street fashion market has been material as even before the virus hit, fast-fashion brands such as Lachapelle, Forever 21 and New Look had already been struggling in the market.

“Either you have value for money and are looking for essentials and this is not what these brands offer,” said Wouters, “or you’re looking at higher-income groups who want to spend more and we clearly see the recovery there. They are also looking value for money but good quality.”

She advised retailers to examine and refine their proposition while rationalizing and implementing cost-cutting measures during this consumer pullback.

“Retailers need to focus on the service aspect — whether it’s a fitting service or providing clothing advice, which is really appreciated as consumers still see that as unique to an offline store compared to buying online.”

Source: wwd.com– May 27, 2020
US trade bodies push for relief for firms during crisis

The American Apparel and Footwear Association (AAFA) recently co-signed a letter with more than 130 organisations calling for fixes to the Paycheque Protection Programme (PPP). The letter, addressed to several top US government politicians, requests emergency legislative and administrative action to repeal the programme's 75 per cent-25 per cent rule, extend the eight-week period for purposes of calculating loan forgiveness and extend the June 30 safe harbour date for rehiring and restoration of pay.

“These steps would conform the PPP with the reality of the gradual reopening now occurring across the United States and would help ensure that more small businesses remain in operation,” the letter said.

“The current rules made sense when the programme was created, and it was anticipated that stay-at-home orders would last only a few weeks. However, their implementation in the current environment is making it harder for small businesses to survive. Small businesses that close permanently will never be able to rehire their employees,” it said.

These three modest changes would help ensure that the liquidity provided through the PPP can be deployed in a manner that is most likely to allow a small business to remain operational, the letter said.

Specifically, these changes would help small business owners who need capital for overdue rent payments, the re-start of vendor contracts, and other necessary expenses. In addition, the extended deadlines would permit a more orderly return to work consistent with the phased reopening, it added.

AAFA also submitted detailed comments on to the US Customs and Border Protection office and the US treasury department requesting an extension and modification of the duty deferral programme.

It suggested including additional months in the deferral programme, expand the programme to include all duties, modify the hardship test and allow retroactive refunds.

Source: fibre2fashion.com– May 27, 2020
US brands see global e-com growth during Covid-19: Report

A new data by eShopWorld, the world’s leading cross-border commerce company, has found that US brands are seeing significant global eCommerce growth amidst the pandemic Covid-19, when quickly tapping new markets outside the US. The data also shed light on the swiftness with which the pandemic can impact demand across the global markets.

Driven by apparel, footwear and sporting equipment, US brands saw the highest volume growth in April in Israel (up 178 per cent), Ireland (up 173 per cent) and New Zealand (up 168 per cent) when compared to the same period last year.

Early May sales reflect significant spikes in order volume in Mexico (up 258 per cent), Chile (up 242 per cent) and Singapore (up 214 per cent) when compared to May 2019. At the same time, consistency was evident across categories, with apparel, footwear and sporting equipment the top three drivers of international e-commerce growth year-over-year in both April as well as early May. Demand for apparel, in particular, rose with 98.4 per cent increase in orders in April compared to last year, and a 118.5 per cent increase in early May compared to the same period last year.

“In a pandemic world, US retail brands need to be agile and able to move quickly to find and meet demand, and right now there is incredible opportunity beyond domestic channels, particularly for apparel,” Tommy Kelly, CEO of eShopWorld, said in a press release.

As consumers around the globe turn to e-commerce in lieu of being able to go in-store, our data show that US brands that are able to move quickly to deliver a localised e-commerce experience are seeing 300–400 per cent growth in sales.

The data also show that a market that was hot one month may be outshone the following month, as the regional effects of the pandemic influence consumer behaviours. Now more than ever, US retail brands must shift on a dime, be ready to enter new markets where demand is bubbling up and quickly establish relationships with new customers in each market to create long term advantage.”

Source: fibre2fashion.com— May 27, 2020
Six European brands step in to support Myanmar workers

Six European apparel giants have stepped in to rally support and obtain financial aid for tens of thousands of Myanmar workers who lost their jobs in the economic fallout caused by the global Coronavirus pandemic.

These include Swedish H&M (Hennes & Mauritz) Group, Spanish Inditex known for their brand Zara, Britain’s Next, Belgian-German-Dutch C&A, Denmark's Bestseller and Germany's Tachibo.

These brands have urged the stakeholders of Myanmar's garment and footwear industry to make rapid and coordinated joint approach and action to help their workers. They have signed an agreement with suppliers and trade unions to protect the garment industry and workers in Myanmar from the impact of the COVID-19 pandemic.

This agreement with the Industrial Workers Federation of Myanmar (IWFM) and the IndustriALL Global Union aims to keep the doors of the industry open to the world and its workers protected during and after the pandemic.

Among other things, the apparel brands expressed their commitment to secure financial aid for workers and ensure that their working environment complies with health and safety rules to protect workers from novel Coronavirus transmission. The clothing companies also expressed support for workers' rights in participation in union activities and tripartite dialogue to settle issues.

Source: fashionatingworld.com– May 27, 2020
Gucci says fashion shows should never be the same

Gucci wants to change show business. Or, rather, the business of shows. The Italian brand has joined the chorus of brands and retailers calling for a permanent reset of the fashion system thanks to COVID-19, adding the weight of a giant global name to the movement.

On Monday, Alessandro Michele, the creative director of Gucci, held a video news conference to announce that the brand will reduce the number of shows it holds each year from five to two, effectively abandoning the idea of cruise shows — the far-flung midseason extravaganzas it has held at a Roman Necropolis in Arles and the Capitoline Museum in Rome (among other places). He also wants to do away with the distinction between menswear and womenswear, and the traditional appellations of fall/winter and spring/summer.

“We need new oxygen to allow this complex system to be reborn,” Michele said, speaking from his studio in Rome while pensively waving a large black fan. One way to do that, he said, is to reduce the show schedule.

Gucci is not the first brand to announce a change in its runway plans thanks to the coronavirus pandemic, which has brought the industry to an effective standstill, closing stores and decimating balance sheets.

Saint Laurent, also owned by Kering, the Gucci parent company, said it will drop out of the fashion show season and follow its own schedule for this year; Dries Van Noten said he will not have a show at all until 2021; and Giorgio Armani announced that his men’s and women’s shows will be combined in September, and his couture show will be held in January in Milan instead of Paris.

But Gucci is the first brand to commit to a permanent rethink. Ultimately, it may force a reckoning with the feasibility of the entire ready-to-wear show season: the four-week traveling circus that moves from New York to London to Milan to Paris every September-October and February-March.

“I will abandon the worn-out ritual of seasonalities and shows to regain a new cadence, closer to my expressive call,” Michele wrote in his diary, excerpts from which, entitled “Notes from the Silence,” were teased on Gucci’s Instagram account.
The designer said it was while he was in lockdown in his apartment in Rome that he had “time — time I have never had before to think about my work, my creativity, our future, the future of the company.” He felt, he said, that under the previous unrelenting system, his “creativity was being jeopardized.”

After speaking with Marco Bizzarri, the Gucci chief executive, the decision was made to reduce the show schedule, although when the first of the new “appointments,” as he referred to the shows, will take place was unclear.

Michele said he believed that showing this coming September would be impossible, but on July 17, during Milan’s digital fashion week, Gucci will broadcast a look at what would have been its cruise collection (called “Epilogue,” it may be the last of its kind). He said he believed that ultimately spring and fall were the correct times for the shows, with the exact dates were to be determined.

Michele also said he was not sure what form, digital or physical, the shows would take, although he favored using the terminology of classical music as a reference: symphonies, madrigals, nocturnes, overtures. He added that while he was speaking with other brands — “I’m no anarchist” — and the Camera Nazionale della Moda, the governing body of Milan Fashion Week, the conversations were ongoing.

All of which suggests that fragmentation of the entire fashion show experience is increasingly possible.

Maybe it is time: The cost, personal and professional, of spending 2 1/2 months a year, if not longer, in the alternate universe of fashion shows, has been growing, and designers, retailers and editors have been chafing under the strain, lamenting the lack of space to really consider, create and produce meaningful work. Not to mention the carbon emissions involved. Fewer fashion weeks are unquestionably more sustainable, both in terms of human and environmental price.

Yet at issue is not just the point of a show, which in recent years has become more of a marketing event made to be read on the small screen than an unveiling of a new idea about how clothes are constructed to express identity, but also an enormous source of income for the municipalities involved.
In 2019, Rep. Carolyn Maloney of New York released a report from the New York City Economic Development Corp. noting that New York Fashion Week was responsible for generating close to $600 million a year in income, thanks in part to all the associated industries, including hotels and restaurants, security services and florists — representing a greater economic impact than the Super Bowl or the U.S. Open tennis tournament.

The same is true for the other fashion week cities. If the show schedule falls apart, cities that are already challenged by the pandemic will feel the impact.

That is not a reason not to change, but it is also not an immaterial side effect of such change. No brand is an island, nor any industry system. As the conversation around what is next for fashion steamrollers on, that is worth remembering.

Source: forbesindia.com— May 26, 2020

Belarusian textile makers to explore new export clients

Textile manufacturers in Belarus are planning to explore new partners and step up exports to the European Union (EU), according to Tatyana Lugina, head of Belarusian light industry concern Bellegprom, who recently noted that the 2020 targets have to be met despite the industry situation being tough due to closed borders, falling purchasing power and other reasons.

She was addressing a virtual meeting of the board of the concern, according to a news agency report.

“The Asian presence in the EU markets is declining, so we need to actively look for new partners, and secure our foothold,” she said.

Despite the COVID-19 pandemic, some manufacturers ramped up industrial production index in January-April year-on-year: Orsha Linen Mill by 3.1 per cent, Kamvol by 9.2 per cent, Slonim SKPF by 0.1 per cent, Mogotex by 7.9 per cent, Vitebsk Factory of Silk Fabrics by 138.9 per cent, Lenta by 1.2 per cent and MedLen by 52.3 per cent, Vitaly Dedinets, first deputy head of Bellegprom, said.
In January-March, textile factories used Br 2.277 million of capital investment, which accounted for 30.4 per cent of the total. Orsha Linen Mill used a total of Br1.737 million of capital investment.

The sector is fulfilling the instruction of the head of state to work out economically sound proposals on further development of Orsha Linen Mill, including deep processing of short flax fibre to manufacture sanitary and medical products and increase the fibre processing level by 30-40 per cent.

The enterprise plans the third stage of modernization from 2019 to 2023.

“Plans are in place to increase competitiveness of the products of Factory No.1 in 2019-2020. This includes additional purification equipment and the short flax fibre cottonising line, and also equipment for its bleaching. This will enable the factory to get a new product, bleached cottonized flax fibre, which will be used to produce medical and sanitary products,” a Bellegprom press release said.

Source: fibre2fashion.com– May 27, 2020

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Bangladesh to partly ease lockdown amid virus concerns

Bangladesh will partly ease a more than two-month lockdown due to the novel coronavirus after May 31 for the sake of the country’s economy, a top government official said Wednesday.

The country initially imposed the nationwide lockdown on March 26 to stem the spread of the coronavirus and it was later extended several times until May 30.

“We have decided to withdraw the nationwide lockdown on a limited scale to resume the country’s economic activities like most of the European and Western countries,” State Minister for Public Administration Farhad Hossain told Anadolu Agency.

He added that a government gazette in this regard will be published Thursday after final approval from Prime Minister Sheikh Hasina.
Experts, however, have expressed concern that the move may exacerbate the coronavirus outbreak in the overcrowded nation of nearly 165 million people.

Speaking to Anadolu Agency, the leader of a local medical doctors’ foundation, Dr. Shahed Pavel, said they had urged the government to continue the lockdown for at least 15 more days after the Muslim Eid al-Fitr holiday to stem the spread of the virus.

“But citing the country’s economic interests, the government has not granted our appeal. Now I earnestly request to ensure social distancing and health guidelines,” Pavel said.

“Otherwise, the lethal pandemic may spread on a massive scale within a short time span.”

**Concerns over surging pandemic**

Bangladesh is experiencing a surging trend in COVID-19.

As of Wednesday a total of 544 people have died from the coronavirus since the country’s first death was confirmed on March 18. Of these, 275 succumbed to the virus in the last two weeks, according to government data.

More than 38,000 cases have been registered since the country’s first three cases were reported on March 8.

Dr. Pavel warned that any breach of social distancing rules and health guidelines due to the partial easing of the lockdown “may cause the outbreak to get out of control very rapidly.”

Hossain, however, assured that all relevant branches of the government, including the civil administration and law enforcers, will remain on the highest level of alert to contain any violations of social distancing rules.

“During the two-month-long lockdown, almost 95% of the people have become accustomed to COVID-19 health rules,” he said, adding that as additional precautionary measures, “all sorts of educational institutes will remain closed until June 15 and long-routed public transport on roads, water and railways will remain shut until further notice.”
“Only a limited number of public vehicles will be allowed on roads in cities including the capital Dhaka on condition of strict maintenance of social distancing and health guidelines.”

He added that no elderly, sick and pregnant workers at any government and non-government offices will be allowed.

“Airline services will also resume on a limited scale after May 30, strictly following the health guidelines.”

**Economy should not be prioritized over lives**

Noted economist and former advisor to the caretaker government A.B. Mirza Azizul Islam said “there is no alternative to easing the lockdown” for the survival of Bangladeshi products on the world market, especially the country’s main exporting readymade garments (RMG).

“Bangladesh is a country with a poor economy. More than 5 million people are working in the transport sector and 4 million in the RMG industry. A long-term lockdown may seriously endanger their livelihood,” he said.

“But it does not mean that the economy should be prioritized over lives”, Islam said, adding that banks, industries and transportation need to be resumed “for survival, but the government must ensure social distancing and other COVID-19 health rules.”

Source: aa.com.tr– May 27, 2020
Pakistan: Cotton futures little changed

ICE cotton futures were little changed on Wednesday as concerns over the dent in demand from US-China tensions countered support from unfavorable weather for the natural fiber crop in Texas.

Cotton contracts for July settled up 0.11 cent, or 0.2%, at 58.34 cents per lb.

“Even though the trade war tensions are mounting, China is buying US cotton as a part of fulfillment of the phase 1 deal, but we are not sure whether it will be shipped or not if it aggravates more," said Ed Jernigan, chief executive of Jernigan Global, a cotton textile supply chain manager.

The lack of rain, however, was supporting cotton, he added. Major cotton growing areas in the United States are going through a dry spell, posing a threat to cotton crops.

Meanwhile, the tensions between the United States and China made investors cautious, hurting overall market sentiment and somewhat tempering hopes of an economic recovery as countries eased coronavirus restrictions.

US President Donald Trump said on Tuesday the United States was working on a strong response to China's planned national security legislation for Hong Kong.

US is the largest exporter of cotton and China its biggest consumer.

Further weighing on US cotton, was the possibility of rising supply in the world market from India, at more competitive prices driven by a record slide in the rupee.

“Indian cotton is the cheapest in the world right now and if China did not have the phase 1 deal with US, they would have bought it from India," Jernigan said.

Total futures market volume fell by 2,513 to 19,149 lots. Data showed total open interest gained 1,456 to 184,741 contracts in the previous session.

Source: breccorder.com– May 28, 2020
Pakistan: APTPMA urges government to support textile processing industries

Central Chairman All Pakistan Textiles Processing Mills Association (APTPMA) Muhammad Pervaiz Lala demanded to support textile processing industries and employment, government should pick two regulatory costs to employers, namely SESSI and EOBI as Pakistani competitor – India also provides such type of support. Therefore, Government should waive payments of EOBI, SESSI/PESSI and taxes & levies for export sectors for March to June 2020.

Commenting over the proposals for forthcoming budget 2020-21, he said that From July 2020 onward, Self Registration and Assessment Scheme should be introduced without any surveillance and post audits. EOBI & SESSI cards should be given to workers. With this scheme voluntarily registration will be increased benefiting both employees and employers. Due to COVID-19 and lockdown across Pakistan, the Textile Processing industries have halted production. Resultantly facing multiple losses, he added.

Central Chairman, Muhammad Pervaiz Lala mentioned that the Textile Exporters and Manufacturers come under final tax regime for which the profit of 4% is considered and presently pending refund amount of WHT is adjusted against payment of Workers Welfare Fund (WWF) at Federal Board of Revenue. Even after adjustment some amount of refund against WHT is still held up at FBR.

Now provincial government is also demanding SWWF from exporters. Some federal government officials verbally advised not to make payment of SWWF to provincial government whereas on the other hand provincial government inspector visits factories to follow up and it is cause of great harassment. We wonder how we could adjust pending refund amount of WHT if we pay WWF to Provincial Government. It is to be noted that all our exporters' data is available with FBR, he added.

Central Chairman, APTPMA Muhammad Pervaiz Lala, said that exporters are exempted from payment of WORKERS WELFARE FUND (WWF) and they are allowed to use the amount for labor related compliance matters which will directly benefit for the welfare of workers engaged in the manufacturing process and will help in enhancing exporters as the compliance level/standard of local companies will increase. He demanded
that Industries will be provided relief in cost of manufacturing and Exemption should be given to export oriented industries, he added.

Chairman, APTPMA demanded immediate suspension of Export development surcharge and mentioned that 0.25% Export Development Surcharge is deducted from export proceeds of the exporters. This increases the cost of doing business of the exporters. Huge amount of EDF collected by Government is available in its kitty.

APTPMA Chairman Proposed that Govt should suspend collection of Export Development Fund (EDF) surcharge till the huge unutilized amount of EDF is exhausted. This will make our industry competitive and capture more markets, he argued.

Central Chairman, Muhammad Pervaiz Lala pointed out that there are 14 Gazette Holidays and 52 Sundays which total up 66 holidays in a year. Apart from casual and privilege leaves, the frequent holidays declared by the Provincial Government greatly hurts the production schedules of the export manufacturing units.

As a consequence of this, he mentioned that Exporters have to bear overtime expenses of workers to make shipments on time. He proposed that the Govt fix for the Export Oriented Industries number of Federal Gazetted holidays in the year and the workers should not be entitled to Provincial Government's Holidays and Fix Gazetted Holidays can be adjusted by Employer and Employee with mutual consent.

This will provide strength to exporters to achieve challenging export target for enhancement of Exports and earn valuable foreign exchange and shall also provide level playing field.

Source: brecorder.com – May 27, 2020
NATIONAL NEWS

A survival-of-the-fittest approach towards MSMEs

The structuring of their relief package suggests that while the Centre is only keen to ensure the sustenance of somewhat large and viable MSMEs

After taking a fair bit of time to respond to distress calls from MSMEs, the Centre has lately come up with a flurry of relief measures for the sector. To help MSMEs tide over the working capital crunch caused by the lack of orders, banks will now offer a Guaranteed Emergency Credit Line of ₹3 lakh crore, to supplement existing credit to MSMEs. The loans are subject to a rate ceiling, with the Centre underwriting ₹41,600 crore via the National Credit Guarantee Trustee Company.

For equity funding of stressed firms, ₹20,000 crore has been proposed as subordinate debt and a further ₹50,000 crore through a fund-of-funds structure. To lighten the wage burden, the Centre has offered to bankroll provident fund contributions for MSMEs with upto 100 employees. To give them a bigger share in the public sector pie, it has barred global tenders for government procurement contracts upto ₹200 crore.

A long-pending reform has also been swept in on the MSME definition. It has been harmonised for manufacturing and services, with higher investment thresholds of ₹1 crore, ₹10 crore and ₹20 crore respectively for micro, small and medium enterprises, with turnover as additional criterion.

While banks may take a couple of weeks to operationalise the credit scheme, it is substantive in relieving stress for MSMEs as it enhances working capital limits by 18-19 per cent. The Central guarantee means that bankers may no longer worry about being hauled up for wrong credit judgments while disbursing them. Government orders may open up a sizable playing field for MSMEs, at a time when private tendering is at a standstill.

However, the structuring of this package suggests that while the Centre is keen to ensure the sustenance of somewhat large and viable MSMEs, it is not particularly focussed on the survival of micro and small enterprises tottering at the brink. The ₹3-lakh crore credit support has been made conditional on MSMEs with existing credit lines with banks.
The expanded MSME definition is also expected to lead to banks favouring larger MSMEs in a bid to avoid risk, crowding out micro firms. The FM’s presentation highlighting 45 lakh MSMEs (of the total of 6.3 crore in the country) as expected beneficiaries suggests that most micro enterprises may not make the cut.

For micro enterprises, government entities clearing their dues expeditiously and direct support in the form of GST, interest or utility bill waivers may have proved more useful. Attempts to sweep sectors such as retail trade under the scheme’s purview also dilute it.

While size-based incentives have been a key contributing factor to India’s MSME sector remaining permanently stunted, the Centre needs to think through the implications of a survival-of-the-fittest approach to it at a time like this. High MSME mortality can have significant knock-on effects on employment, consumption and GDP numbers, which it may be ill-prepared to handle at this juncture.

Source: thehindubusinessline.com– May 27, 2020

Current crisis calls for a revised Union Budget

The provisions included in the Budget for 2020-21 are insufficient to boost growth in light of the Covid-19 pandemic. Focus should be on stimulating economic activity and creating employment.

Regulators are compelling companies to compile and furnish information to stakeholders through an impact study arising from the uncertainties introduced by the Covid-19 pandemic. The Securities and Exchange Board of India, in its Circular dated May 20, 2020, has stated that listed entities are encouraged to evaluate the impact of the Covid-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same.

The Budget for 2020-21 was presented with the slogan “Aspirational India”. The Union Finance Minister, in her Budget speech on February 1, 2020, stated that India’s efforts to elevate poverty has resulted in raising 271 million people out of poverty in the decade between 2006 and 2016. Our economy was hailed as the fifth-largest economy in the world.
The Budget was hailed as a paper that had chalked out a growth trajectory. But the Covid-19 tragedy has made everything topsy-turvy. It is no longer in doubt that 2021 India’s GDP will see a negative growth.

**Current provisions**

The Budget announced the elimination of the dividend distribution tax. It is almost certain that Covid-19 has eliminated distributable profits of several companies. This proposal may not matter much in the current year and next year, for sure. The Budget also contained a proposal to offer a concessional tax rate for electricity generation companies. In view of the prevailing industrial scenario, with many industrial consumers under lockdown, even with partial opening of operations there will be only glut of electricity and the tax proposal may not attract many players. Instead, the proposal must be made applicable to all existing electricity generating companies in order to make them tax-efficient in addition to making it available to additional capacity creators.

Yet another proposal is with reference to investment coming from the sovereign wealth fund of foreign governments. The Budget proposes to grant 100 per cent exemption to interest and dividend capital gains tax for those funds.

Governments across the globe are planning to print notes unmindful of the deficit financing. Venezuela has sued Bank of England for gold to help it fight the situation brought about by Covid-19. Therefore, the chances of foreign governments routing sovereign wealth fund in a major way attracted by this tax exemption proposal appear to be very negative.

There is a proposal with respect to start-ups increasing the number of years within which the tax holiday could be availed by start-ups, and increasing the turnover threshold too. Start-ups are entitled to a deduction upto 100 per cent of their profits for three consecutive assessment years.

Though it is a welcome move, there won’t be any profits unless the project is highly competitive and/or innovative. There is a proposal to increase the turnover limit from ₹1 crore to ₹5 crores with respect to audits of small traders, shopkeepers. This proposal aims to reduce the compliance burden on such businessmen. Though it is a welcome step, in the current scenario, if traders achieve this turnover, that in itself will be a great thing.
Another proposal was extending the tax holiday for one more year to developers of affordable housing projects. If “housing for all” is the objective, government must invest in projects to add millions of houses quickly in an year or two. This will enable them to live peacefully and permit them to spend money for improving their lifestyle.

Unless the government infuses capital and announces such projects, many affordable housing schemes may not be springing up across the country. Businessmen are concerned first about demand and second about profits and third only about taxes on profits.

**Changes to be made**

A revised version of the Budget may consider the following five proposals:

- **Capital infusion** is needed; there must be huge announcements for infrastructure development, including investing in affordable housing schemes and major investments in the Jammu and Kashmir region and North-Eastern India.

- **Tax rate cuts** must be announced not only for new projects but also across all the sectors and for all projects, current and new. In the current scenario, the government must look at enabling economic growth for the existing efficient enterprises. On the indirect taxes side too, tax rate cuts will augment consumption.

- **For financial inclusion**, meet the financial needs of farmers and traders and the MSMEs, offering them loans at about 2-3 per cent more than the reverse repo rate from time to time, so that money is made available through the normal banking channel to the large sections of the society that create economic activity and which constitute the entire supply chain, from farms to warehouses, transportation and traders who offer the last-mile connectivity to consuming households.

- **Foreign direct investment (FDI)** is needed to bring large projects, especially in view of the widespread discussion about manufacturing facilities moving away from China. FDI from China need not be looked at with jaundiced eyes. There may be even FDI in kind which happens through an entire industrial undertaking, including plant and machinery, including upto 50 per cent of the existing workmen in those undertakings.
Last but not the least, the government must put money in the pockets of marginalised sections of the society to give them ‘roti, chawal and dal’ in a respectable manner, unmindful of deficit financing.

In the light of the current scenario, which is likely to have its own impact for at least the next 2-3 years, the government must bring out a revised Budget in order to make the proposals relevant. Stimulating economic growth is essential to create employment and remove frustration in the minds of people. Providing short-term support to people by direct benefit transfers must be ably supported by employment creating projects.

Source: thehindubusinessline.com— May 27, 2020

Piyush Goyal asks industry to start working for post-COVID period; says worst for economy is over

Commerce and Industry Minister Piyush Goyal on Wednesday asked the industry to start working for the post-COVID period with good ideas and firm implementation plans as worst for the economy is over and revival is in the air.

He said this while meeting industry and trade association through video conference. It was the fifth such meeting since the lockdown to assess the impact of COVID-19 pandemic and take note of their suggestions to put the economy back on track.

“...it would be better to be ready and start working for the post-COVID period, with good ideas, firm implementation plans, and to make India a world power,” he said. The minister said that “worst for the economy is over. Things are looking up, and revival is in the air”.

Expressing concern, he also said that India is still import dependent on several routine items like furniture, toys, and sports shoes despite the fact that the country has technical prowess as well as skilled manpower.

Goyal called upon the industry to make efforts in this regard, by thinking about sustainable, and out-of-the-box ideas. He assured the associations that their suggestions are duly examined, and timely action is taken on the rational, and genuine demands.
Further, he said in the last three decades post-liberalisation, the country progressed but the focus was city-centric.

“The rural and backward areas remained deprived, forcing millions of people from there to migrate to cities for employment and opportunities,” he added.

The meeting was attended by representatives of various entities, including CII, FICCI, ASSOCHAM, NASSCOM, PHDCCI, CAIT, FISME, Laghu Udyog Bharati, SIAM, and ACMA.

Source: economictimes.indiatimes.com – May 27, 2020

‘Atma Nirbhar’ MSMEs: How govt measures will enable them for long-term sustainability, profitability

Ease of Doing Business for MSMEs: The Micro, Small, and Medium Enterprises (MSMEs) sector is the most vibrant and dynamic industrial sector contributing significantly to the GDP and export while employing around 40 per cent of the Indian workforce.

The Prime Minister’s speech emphasized that the MSME sector will act as the bedrock for economic revival. Intending to get the MSME sector back on its feet, the Prime Minister announced the MSME sector to be within the purview of the Atma-Nirbhar Bharat Abhiyan (ANBA).

Subsequently, the Finance Minister announced six regulatory measures as part of the ANBA especially for the MSME sector, as part of a series of announcements by the government. In current times, where the mere survival of the MSME sector is at stake, ANBA intends to address the needs of the MSME sector and paves a path for long-term sustainability and profitability of MSMEs.

First and foremost, revising the definition of MSME under applicable law is intended to bring more MSME enterprises under the purview of being classified as MSMEs so that they can reap benefits associated with it and grow under the watchful eyes.
Under the new definition, the investment limit for micro, small and medium enterprises have been raised substantially and the distinction between manufacturing and services has been abolished. This measure will widen the net of benefits associated with classification as an MSME to more enterprises.

The collateral-free automatic credit line and the subordinate debt to MSMEs may be a game-changer for a sector which is finding it harder and harder to find credit support from banks and other financial institutions. It will make it lucrative for risk-averse banks to resume lending operations as the government will act as 100 per cent guarantor on both the principal and the interest. The guarantee from the government will ease pressure on banks and other financial institutions as they will not have to make provisions in case the loan account turns into a non-performing one.

The Finance Minister also announced the creation of ‘Fund of Funds’ with a corpus of Rs 10,000 crores where the government through the funds will pick up an equity stake in the MSMEs with growth potential and viability. These equity infusions will lead to increase in size and capacity of the MSMEs and the revision in the definition of MSME is correlated to this. Further, the long-term goal of such equity infusion is to encourage the MSMEs to list on stock exchanges.

Online marketplace for MSMEs is intended to help all market participants, including end-consumer. Affordable products and services and the narrative of ‘Make-in-India’ and national unity during marketing will be attractive to the cash-strapped consumer.

Startups are not explicitly covered in the definition of MSME; however, startups operating in manufacturing and ancillary services sector especially medical devices, robotics etc. may consider registering themselves as MSME. The host of benefits such as priority lending to cluster financing, exemptions, tax soaps etc. will be available to such startups along with the new benefits under ANBA.

Lastly, ANBA may be construed as import substitution. Given the fact that India is a net importer, import substitution will empower us to shift away from our dependence on other countries. It may very well be argued that import substitution is primarily focused on giving a fillip to the MSMEs. As the internal demand potential that India has, coupled with a demographic advantage provides mass-scale employment, MSMEs will be on track to achieve economies of scale in the future.
Cotton trade body writes to Centre seeking early measures to control locust menace

The locust attack in parts of India is feared to pose a threat on the kharif cotton crop in the key growing States. The Cotton Association of India (CAI) has appealed to the Centre for taking immediate measures to control the spread of the menace.

The CAI has written letters to the Union Agriculture Minister Narendra Singh Tomar seeking urgent appropriate steps “for controlling these locusts’ attacks and also please advise the concerned Central and State government agencies to issue necessary guidelines to the farmers in order to protect their interest and jointly fight against this menace,” Atul Ganatra, President, CAI said in the letter sent on Tuesday.

In a separate letter to the Union Minister for Textiles Smriti Irani, Ganatra requested the Ministry to initiate appropriate measures “to get rid of the locusts’ attacks, which are creating havoc in some parts of our country.” Locust presence is spotted in Punjab, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra — all of the cotton growing States.

Cotton sowing in the North India has completed to the extent of 80 per cent of the kharif season's total sowing. "Cotton sowing in the central and southern parts of India is going to start in the first week of June. These locusts are very dangerous and are feasting on all sorts of plants, vegetation and the standing crops.

As per Food and Agriculture Organisation (FAO), these locusts’ attacks will intensify in the months of June/July and can destroy the cotton crop in these States since all these states are cotton growing states,” said Ganatra requesting quick combat measures.

The States, put together, produce about 236.5 lakh bales (each of 170 kg) or 71 per cent of India’s total cotton production estimated for 2019-20.

Source: thehindubusinessline.com– May 27, 2020
Medical masks, gloves, PPE makers pitch for resumption of exports

Exporters want to attract buyers from US, Europe who are moving away from China

Manufacturers of masks, rubber gloves and personal protective equipment (PPE) coveralls have urged the government to resume exports. They feel that there is adequate domestic production capacity and they run the risk of losing buyers in large markets such as the US and Europe.

“Manufacturers in India have the capacity to produce several crores of face masks and coveralls every day. There will be no shortage in the domestic market if exports are allowed.

“In fact, we will be also able to cash in on the increased global demand for the products as buyers in Europe and other countries in the West do not want to buy from China because of the Covid-19 situation,” according to Salil Goyal from Nufab Technical Textiles Pvt Ltd.

Goyal said that associations of technical textile producers had already petitioned the Directorate General of Foreign Trade (DGFT) to restart exports of all kinds of masks and PPEs as the Covid-19 pandemic had also led to an increase in demand globally.

Tapping new markets

“We were already exporting to the US, Afghanistan, Malaysia, the Philippines and several South American countries. Right now, there is a lot of interest from new buyers because many countries want to move away from China, and we have to cash in on that,” Goyal said.

With the Textiles Ministry encouraging garments and textiles manufacturers to get into the production of PPE and masks, the supply situation in the domestic market has further improved, a government official pointed out.

“Garments and textiles manufacturing units have now started importing the required machinery, mostly from China, and many of them have started producing masks and PPEs,” the official said.
RFB Latex Ltd, a unit in the Noida SEZ manufacturing latex gloves, has sought the government’s permission to export ‘NBR’ gloves, which is a prohibited item, made from imported raw material.

In its representation to the Board of Approval for SEZs, the company pointed out that due to the prohibition on export of NBR gloves, it was unable to serve the large customer base in the US, Europe and South America, developed over the last 30 years.

If it failed to deliver, it may lose its customers forever to competitors in China, Malaysia and Vietnam who have now re-started exports in full swing and are even expanding capacities. The unit further said that it would continue to meet the demand of the Indian government on a priority basis.

“Although the representation made by RFB Latex has been placed before the BoA, which will meet on May 29, views of the DGFT and other Ministries concerned may also be sought as the issue is linked to the Covid-19 crisis,” the official said.

Source: thehindubusinessline.com– May 27, 2020

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Your demands are duly examined, Commerce Minister assures industry

Import of ‘routine items’ needs to be checked: Piyush Goyal

The Commerce and Industry Minister Piyush Goyal has assured the Indian industry that its suggestions were being duly examined, and timely action were being taken on the rational and genuine demands.

In a video conference with industry and trade associations on Wednesday, the Minister said that it was very anguishing to note that even for several routine items such as furniture, toys, sports shoes, the country was resorting to imports.

“This is despite the fact that the country has technical prowess as well as skilled manpower. These things need to change,” the Minister said, according to an official release. Goyal called upon the industry to make efforts in this regard, by thinking about sustainable, out-of-the-box ideas.
He said that ‘Aatmnirbhar Bharat’ will inculcate the spirit of oneness among 130-crore citizens of India. It will also support Indian companies, he added.

This was the fifth such meeting with industry associations since the lockdown. The meeting was planned basically to assess the impact of Covid-19 lockdown and subsequent relaxations on their activities, and take note of their suggestions to put the economy back on tracks, the release said.

Ministers of State for Commerce and Industry Som Parkash and HS Puri also attended the meeting. Industry associations represented included CII, Ficci, Assocham, Nasscom, PHDCI, CAIT, FISME, Laghu Udyog Bharati, SIAM, ACMA, IMTMA, SICCI, FAMT, ICC and IEEMA.

Source: thehindubusinessline.com– May 27, 2020

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India initiates anti-dumping probe into imports of polyester yarn from 4 countries

India has initiated a probe into alleged dumping of polyester yarn, used in the garment industry, from China, Indonesia, Nepal and Vietnam, a move aimed at guarding domestic players from cheap inbound shipments.

The probe was launched following a complaint by eight domestic manufacturers, including Suryalakshmi Cotton Mills and Suryalata Spinning Mills.

In their application to the commerce ministry’s investigation arm Directorate General of Trade Remedies (DGTR), these companies alleged that dumping of the yarn from these countries is impacting the domestic industry and the government should impose anti-dumping duty on the imports.

The DGTR, in a notification, said that on the basis of the prima facie evidence submitted by the domestic firms, “the authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping” of the product from these nations.
The directorate would probe whether the dumping of the product is impacting domestic players and if this is established, DGTR will recommend imposition of anti-dumping duty.

The revenue department will take the final decision on duty imposition. In international trade parlance, dumping happens when a country or a firm exports an item at a price lower than the price of that product in its domestic market.

Dumping impacts price of that product in the importing country, hitting margins and profits of manufacturing firms. According to global trade norms, a country is allowed to impose tariffs on such dumped products to provide a level-playing field to domestic manufacturers. The duty is imposed only after a thorough investigation by a quasi-judicial body, such as DGTR in India.

Imposition of anti-dumping duty is permissible under the World Trade Organization (WTO) regime. India and these four countries are members of this Geneva-based organisation, which deals with global trade norms.

Source: thehindubusinessline.com– May 27, 2020

CAI writes to Centre seeking quick control measures

In what could be an early setback for the 2020-21 cotton crop, the desert locusts are seen posing a threat to the fibre crop in North India. Farmers in Rajasthan and parts of Punjab have started raising alarm over the locust attack that has started ravaging their recently-sowed cotton crop.

“Tiddis (locusts) have nearly destroyed the fresh vegetation of the cotton plants. The situation is bad in northern and western Rajasthan. The plantation is just at the early stage and if immediate action is not taken, the damage will spread over to other districts,” said Dalveer Singh, a farmer from western Rajasthan.

Cotton farms in the northern districts of Shri Ganganagar, Hanumangarh, Gharsana and Rawla among others have been affected. The exact acreage affected is not known.
Farmers in Punjab have also expressed fears of an attack. Speaking to BusinessLine, Ashwani Jhamb, a farmer from Punjab, said, “The cotton plants have grown to just 6-9 inches. So far, we haven’t seen any large-scale attack in the State, but there are fears that it may turn towards Punjab next month or so. If it happens, it will be disastrous for cotton growers.”

Nearly 80 per cent sowing has been completed in North India. Last year, cotton was planted on about 17 lakh hectares in these States. The planting started in April. The North zone accounts for 17 per cent of the country’s total 330 lakh bales (each of 170 kg) of production.

In view of the vulnerability of the cotton crop to possible locust attack, the Cotton Association of India (CAI) has written to the Centre for immediate measures to control the menace.

CAI has written to the Union Agriculture Minister Narendra Singh Tomar seeking urgent steps “for controlling these locusts’ attacks and also please advise the concerned central and state government agencies to issue necessary guidelines to the farmers in order to protect their interest and jointly fight against this menace,” Atul Ganatra, President, CAI said in the letter sent on Tuesday.

In a separate letter to the Union Minister for Textiles, Smriti Irani, Ganatra also requested the Ministry to initiate appropriate measures “to get rid of the locusts’ attacks, which are creating havoc in some parts of our country.”

Locust presence is spotted in Punjab, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra. These States produce about 236.5 lakh bales or 71 per cent of the country’s total cotton production estimated for 2019-20.

Source: thehindubusinessline.com– May 27, 2020
The business plan for Make In India 2.0

The sales head of an Indian consumer products company got cracking, a day after Prime Minister Narendra Modi advocated that India become self-reliant and become “vocal for their local”. He circulated a survey with two questions among his contacts on LinkedIn.

“When buying a new product, what would be your preferred choice?

a) Economically priced Made-in-China product.

b) Competitively priced Made-in-India product."

Jessie Paul, founder and CEO of Paul Writer, a marketing services firm, saw the questionnaire. “I think it was to gauge market sentiment. But both the questions don’t make sense," she told Mint. Why is that? A consumer will vouch for the brand, not its place of origin, she explained. “I will buy it irrespective of where it is made because I trust the brand."

On the other end of the spectrum are domestic manufacturers like Sunil Vachani, chairman and managing director of Dixon Technologies (India) Ltd, a contract manufacturer. “Vocal about local is the first step in hardware," he said, adding “What Y2K was for Indian software companies, post-covid would be for the hardware industry. It has made us realize that we have to be self-reliant." Indian software companies made a killing debugging Y2K, called the millennium bug, from computer systems worldwide.

Multinationals and their advisers, meanwhile, are grappling to understand the ideological underpinnings of the term “self-reliance". There are several doubts. Is self-reliance a swadeshi movement that would eventually lead to a boycott of foreign-owned brands? Or is it just about targeting Chinese products? After all, Rashtriya Swayamsevak Sangh-backed Swadeshi Jagran Manch has been campaigning against dumping from China.

Or could it be just a repackaging of Make in India, a campaign that launched in September of 2014 with an aim to make India a global design and manufacturing hub? Some feel an era of import substitution could well and truly kick in—this government has increased duties over the past four years in order to give protection to domestic industry. What then would be the
chances of India slipping into some form of economic isolation that resembles the pre-1991 era?

Baijayant “Jay” Panda, national vice-president of the Bharatiya Janata Party (BJP), stressed that self-reliance is definitely not a return to that era. “In the decades of the 1950s through the 1990s, we were on the wrong side of globalization. Now, we should not be again on the wrong side of the curve when the world is looking at a different model. In the last several years, the world seems to be moving away from the unfettered globalism of the previous several decades,” he said.

He went on to add: “We are going to be part of the global trading mechanism with the level of openness global economies have today as opposed to what they had 10 years ago. And we would take advantage of the opportunities by helping our players get a leg-up.”

The winners of the post-covid industrial strategy, therefore, could be Indian manufacturers. Even small ones—at least on paper.

**Make 2.0**

Finance minister Nirmala Sitharaman fired the first salvo on 13 May. “Indian MSMEs and other companies have often faced unfair competition from foreign countries,” she said during a televised address. “Therefore, global tenders will be disallowed in government procurement up to ₹200 crore (about $25-26 million).”

While this seems a significant move, the reality is a bit more complicated.

With the $26-million cap, global companies cannot bid for many government contracts, many of which are in the range of $10-20 million. Many companies will lose 80% of their government contracts, said an executive from a multinational manufacturer in India who did not want to be identified. “However, I doubt if the smaller Indian companies can benefit—the capabilities, skill sets, funding of the MSMEs are not the best,” he added, suggesting that government departments could be short changed with poor supplies.

Moreover, there appears to be no consistency in policy. Many government contracts also have criteria that favour large firms—in telecom, for instance.
While small firms are ostensibly going to benefit, the long-term stability of this policy shift remains to be tested.

As things stand, the new version of Make in India seeks to protect domestic manufacturers and push them up the value chain.

Since Make in India’s first version launched in 2014, India has primarily become an assembly hub in industries such as mobile phones, lighting and consumer electronics. In other words, manufacturers assembled products from imported electronic components to meet domestic demand. Assembly created jobs. Nonetheless, the domestic value addition continued to be low at under 30%.

Make in India 2.0 is likely to press the accelerator on vertical integration, where the component supply-chains are coerced to be local because of import substitution. “Yes, there will be a lot of import substitution going ahead, but the second step is localizing the supply chain because a high level of components is still imported," said Sunil Vachani of Dixon.

Nevertheless, import substitution does not mean the government is giving up on export dreams either. The idea is to help domestic companies get to scale, first. “Till such time you build that scale, you are not going to be competitive. So it is about protecting from imports till you reach scale," said R. Jagannathan, editorial director of Swarajya.

How easy will it be to be protectionist on one hand and achieve export competitiveness on the other side? Well, both can be theoretically achieved in certain sectors.

Amit Khandelwal, director of the Jerome A. Chazen Institute for Global Business at Columbia Business School, said that the economic rationale behind import substitution is to generate learning and economies of scale within a country. “Both of those forces could lead to efficiency gains that make your exports competitive in global markets.

[Click here for more details]

Source: livemint.com– May 27, 2020
Tamil Nadu inks 17 MoUs with firms totalling investments of ₹15,128 crore

Tamil Nadu signed 17 MoUs with various companies involving investments totalling ₹15,128 crore on Wednesday. Nine of the MoUs were signed in the presence of Chief Minister Edappadi K Palaniswami and the rest through video conference, said a State government press release. This is likely to generate over 47,150 jobs.

The MoUs were signed by Usha Kakarla, Managing Director and CEO, Guidance, and Aneesh Sekhar, Executive Director, Guidance with various company officials, said a release from Guidance, a State-run investment promotion agency facilitating single-window clearances.

Daimler India Commercial Vehicles will invest ₹2,277 crore (expected to generate employment of 400) while Salcomp, the Finland-based mobile phone charger manufacturer, is investing ₹1,300 crore in Chennai (expected to create employment for 10,000)

Ashton Shoes Private Ltd has entered into a joint venture with the Taiwanese company Chung Jye Shoes to manufacture footwear at an investment of ₹300 crore (to create employment for 25,000).

The Singapore-based ST Tele Media is investing ₹1,500 crore in a data centre in Siruseri while HDCI Data Centre Holdings is investing ₹2,800 crore in a data centre. The Japanese company Polymatech Electronics will invest ₹900 crore in a semiconductor chip manufacturing facility, which will provide employment for 600, the release said.

French renewable energy company ENGIE Group, through Vivid Solaire Pvt Ltd, will develop a wind farm in Tuticorin with an investment worth ₹2,000 crore (expected to create employment for 600), tweeted Guidance.

Industry Secretary, N Muruganandam, said in the release: “Tamil Nadu is not just India’s factory, but a manufacturing ecosystem that connects global value chains. These investments are a testimony to the steady investment climate and export competitiveness of Tamil Nadu.”

“More investments are in the pipeline and the government is actively reaching out to investors to realise the potential of investing in Tamil Nadu,” he added.
Tamil Nadu has also constituted a special task force to woo investments from China, Japan, South Korea, Taiwan, Singapore and USA. The State government also is developing a special package for investors relocating India due to realignment of supply chains, the release said.

Source: thehindubusinessline.com – May 27, 2020

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MSMEs set new world record for largest online business lesson

Nearly 4 lakh entrepreneurs from MSME sector attended a training session for rebuilding businesses post COVID-19 to create a Guinness World Record of the largest online business lesson, which was viewed for over 98 lakh minutes.

Overall, the online lesson streamed on the Bada Business App on April 24, which garnered over over 7.49 lakh total logins and was watched by?3.78 lakh unique participants with an average concurrency of 50,131?during the four-hour session. It was viewed for a total of 98,54,293 minutes.?The session was also attended by a number of participants from other countries.

The attempt created a new world record for the largest online business lesson, involving 18,693 unique viewers for 30 minutes. The previous record was held by a Russian gathering of 12,091 people in 2014, while a similar event earlier attended by 8,000 participants in the US.

Founder and CEO of Bada Business Vivek Bindra said the organisation has also reached out to the Bihar government and is in discussion to begin a pilot programme in the state for training of migrant labourers, which can eventually be expanded to several districts.

In a video press conference, he said Bada Business has forged tie-ups with universities as it estimates 10 lakh students to enrol in a two-year training course next year.

“We are thrilled to have created a world record for the largest online business lesson and we congratulate India’s highly resilient MSME community for this achievement. At a time when the businesses are reeling under the economic impact of COVID-19, our session was attended by such
a large number of entrepreneurs looking for professional guidance and help in adapting their businesses during the crisis,” Bindra said.

Bada Business offers small and medium scale enterprises knowledge into business strategies to help them scale up and grow.

Source: financialexpress.com– May 27, 2020

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What India must do to increase its competitiveness

FM’s announcements added up to a prudent combination of stimulus and reforms. A well thought out package was presented aimed at addressing the short-term challenges, medium-term support to business and enterprises coupled with significant policy reforms, likely to act as a catalyst for economic recovery. The comprehensive and structured package reflects the five fundamental principles laid out by the PM; infrastructure, technology-driven, demography and demand that will make India an Atma Nirbhar or self-reliant nation.

To address the immediate distress in the short-term, cash and food support is being provided via PMGKY, while more money is being put in the hands of people through tax concessions and EPF support. Immediate regulatory relief was also provided to avoid defaults on account of lockdown via relaxation in tax deadlines as well as suspension of fresh activities and exclusion of Covid-19 related debt from IBC proceedings.

Agricultural reforms and initiatives were taken up to unshackle the sector from many outdated laws. Amendments, such as the Essential Commodities Act, has been a long pending expectation, as it acted as a barrier in price realisation. Together with agricultural marketing reforms and strengthening of agri-infrastructure will lead to improved agricultural output and better pricing for farmers.

Mining is of critical importance, and the sector has been deprived of major investments. CII had been requesting for commercial mining of coal and liberalising the captive mining policy, both extremely important to improve efficiency and viability. Incentivising coal gasification is the right step to use the existing coal resources while taking care of the environment.
Introduction of reforms in the mining sector through seamless comprehensive exploration-cum-mining-cum-production policy will help build certainty in investment and attract global mining companies.

Upgradation of industrial infrastructure and ranking of states in terms of investment attractiveness, among other measures would go a long way in facilitating investors. Global investors need handholding and guidance. A portal, providing information on ready to invest land would be useful. A bailout of the beleaguered state power discoms will ensure that their accumulated debt is wiped out. Reforms in tariff policy will pave the way for a more viable power sector.

In view of the heightened stress, which the MSMEs are facing due to prolonged lockdowns, we are heartened by the fact that the stimulus package included several measures. A significant measure, which is expected to alleviate the cash flow problems is the move to extend Rs 3 lakh crore collateral-free automatic loans with 100% government credit guarantee. Moreover, the decision of the government to reduce all pending dues to MSMEs within 45 days is a considerable positive for the cash starved entities and has been a long-standing demand for industry. However, we urge the government to have a re-look at the proposed turnover thresholds in the redefinition of the MSMEs as these are deemed to be too low, hence, will not encourage these entities to grow.

Other critical components include those related to public health, PSEs, defence, real estate and construction. The announcements made in April on cash transfers were further supplemented by food distribution. The allocation on MNREGA has also been increased. Industry is confident that the entire package as it is implemented will drive a gradual recovery. The rental housing scheme for migrant workers could lead to meaningful change in their condition in the long-term.

If reforms are carried out in a time-bound manner, they would have a significant impact on the economy’s competitiveness, with wide-ranging implications for each sector. The economy, when it recovers, will be a stronger and more competitive. In addition, the stimulus of Rs 20 lakh crore, as it gets spent, will have a multiplier impact. To the credit of the government and the policymakers, they have managed to achieve this without putting an excessive burden on the government coffers with the estimated deficit impact in FY21 likely to remain under Rs 3 lakh crore, which leaves additional room for contingency measures in the future, should the need arise.
Govt procurement of cotton hits record high amid lockdown

The Cotton Corporation of India (CCI) has made a record procurement of 94.5 lakh bales of cotton across the country despite the disruption caused by the ongoing lockdown.

The figure is higher than last year’s procurement of 10.7 lakh bales and the previous high of 90 lakh bales in 2008. The bulk of the purchase or 86 lakh bales was made before the lockdown began.

“The procurement this year is at an all-time high. We have procured 31% of the arrivals of 303 lakh bales worth over Rs 25,000 crore,” said CCI chairperson P Alli Rani.

While government purchase for cotton is alifeline, majority of the farmers depend on the private market, where prices have plunged. The pandemic has shrunk both domestic and global demand for India’s cotton.

Market prices have plummeted, pushing farmers to sell to the government. The government’s minimum support price for cotton is Rs 5,500 per quintal but market prices range from Rs 2,800 to Rs 4,000 per quintal.

The Cotton Association of India (CAI), which represents the industry, has estimated that domestic demand will drop by 51 lakh bales this year owing to various disruptions.

Source: timesofindia.com– May 28, 2020

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Finish cotton purchase before monsoon starts: Mins

Amravati/Wardha: With only a few weeks remaining for the onset of monsoon, people’s representatives from the region have started pushing Cotton Corporation of India (CCI) and State Cotton Marketing Federation to complete cotton procurement process latest by June 15.

Holding discussions with Amravati collector Shailesh Naval, federation president Rajabhau Deshmukh, district deputy registrar Sanjay Jadhav and others to find out solutions to the problems coming in the way of expediting procurement, guardian minister Yashomati Thakur on Wednesday instructed the authorities to complete the process before June 15, blending speed with precaution and safety against coronavirus.

“We have made trained manpower available to cotton federation and this has helped in increasing the number of gins procuring cotton from 18 carts earlier to 25 now,” said Naval.

Amravati DDR Sanjay Jadhav informed that about 6.25 lakh quintal cotton has been purchased to date from 22,204 farmers at eight procurement centres in the district, including the one of CCI at Dhamangaon Railway.

Thakur instructed the authorities to ensure procurement of all carts on the same day, take precautions against fire, ensure godowns for storage of cotton bales, complete procurement as per plan and avoid any kind of inconvenience to farmers.

Meanwhile, minister for animal husbandry, daily development, youth welfare and Wardha guardian minister Sunil Kedar, after visiting 14 ginning mills in the district on Wednesday, directed the concerned authorities to complete the procurement before the monsoon begins.

He also suggested that cotton federation should increase availability of graders so as to complete the process. Experts pointed out that owing to lack of coordination between Cotton Corporation of India (CCI), marketing federation, ginning owners and officials, the procurement process is going on slowly. Taking note of this, Kedar also directed the concerned authorities to ensure that produce of at least 100 farmers is procured on a daily basis.

Earlier in the day, Kedar discussed the issues with directors of ginning factories, graders, secretary of the marketing federation. MLA Sameer
Kunawar, MLA Ranjeet Kamble, former MLA Raju Timande, district collector Vivek Bhimanwar, additional district collector Ashok Latare, district deputy registrar Gautam Walade, tehsildar Mahendra Sonwane and others were present.

Kedar said all departments are citing various issues like CCI having no godown facilities, while marketing federation is not providing graders. He also pointed out that ginning factory owners are raising complaints that cotton bales are not being lifted on time. “This all shows there is a lack of coordination between the departments and due to this farmers are suffering,” said Kedar.

“I have directed collector to make godowns and manpower available as per the CCI requirement,” said the minister. Procurement process should be continued even on public holidays so that not a single farmer in the district is left with unsold produce, he said.

As more fire incidents take place during peak summer, the minister also advised municipalities to keep fire brigade vehicles and staff ready to tackle any incident, he said.

Source: timesofindia.com– May 28, 2020

Wholesale cloth market in Ludhiana sees negligible footfall

The wholesale cloth market, a multi-storey building at Calibre Plaza AC complex, Bhadaur House, and other shops in its vicinity is one of the biggest business centres in this part of the country having around 800 shops dealing in textile material. Prior to the lockdown, customers from all over Punjab, Haryana, Chandigarh, Jammu and Kashmir, Himachal Pradesh and Delhi visited the market. However, footfall is negligible these days.

The area wore a deserted look with the administration permitting business operations with certain riders.

Rajesh Khanna, president of the Punjab Wholesale Cloth Merchants Association, said the textile traders had suffered losses worth several crores due to the lockdown. Since no big functions/gatherings are permitted, people are not making purchases. The stocks have piled up amid poor
demand. Left with only 8 to 10 per cent of workforce, it is difficult to overcome the adverse situation, said Khanna.

He urged the government to announce financial assistance for the textile community such as waiving interest on bank loans, charges by the municipal corporation and returning the GST amount.

Gurcharan Singh Chann, president, Calibre Plaza Shopkeepers Association, said after relaxations, they decided to resume business with 1:3 ratio attendance (one owner and three employees).

As the administration had allowed only dispatch of goods, we opted to switch over to the online sale of products and deliver them on doorstep.

By this time, the production of winter items would have commenced which now seemed not possible, and they wanted to make the best use of the remaining period to clear the summer stock and tide over the losses to some extent, added Singh.

Source: tribuneindia.com– May 28, 2020

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**Surat textile markets get nod to open with riders**

*If all goes well, the man-made fabric (MMF) wholesale market may resume operations from June 1.*

In a bid to restart the Rs 50,000 crore MMF textile chain the Surat municipal commissioner Banchhanidhi Pani and senior health officials visited the textile markets located in Limbayat on Ring Road on Tuesday. The Surat Municipal Corporation (SMC) had earlier refused to give permission for the market to reopen as 95% of them fall in the red zone.

Market sources said that the civic chief and senior health officers instructed the traders to start the disinfection of all the market. However, markets located near the residential areas in the red zone won’t be allowed to open. Secretary of Federation of Surat Textile Traders Association (FOSTTA), Champalal Bothra said, “Barring a few markets located in the vicinity of the residential area, majority of the markets could reopen as per the directions given by the SMC from June 1.”
Earlier, FOSTTA had urged chief minister Vijay Rupani to allow the markets to reopen for few hours to facilitate the traders with works related to GST, Income Tax, accounts and outstanding payments.

“At present, less than 15% of the textile industry has reopen as majority of the textile markets are closed. Traders play an important role in the smooth running of the MMF sector. Once markets reopen, other verticals including powerloom, textile processing and embroidery would start functioning,” said Bothra.

Deputy municipal commissioner (health and hospital), Dr Ashish Naik said, “All standard operating procedure (SOP) will have to be followed at the textile markets to contain the spread of coronavirus.”

Manoj Agarwal, president of FOSTTA said, “The MMF market is facing loss of Rs 10,000 crore due to lockdown. It may take another couple of months to get back on track.”

Source: timesofindia.com – May 27, 2020