



IBTEX No. 66 of 2020

March 31, 2020

US 75.46 | EUR 83.13 | GBP 93.08 | JPY 0.70

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INTERNATIONAL NEWS

Developing nations need \$2.5 trillion to fight Covid-19 impact, says Unctad report

The developing and poorest countries, including India, would need \$2.5 trillion from international financial organisations, particularly the International Monetary Fund, for combating the Covid-19 pandemic, the United Nations Conference on Trade and Development (Unctad) warned on Monday

In a report titled, “The Covid-19 Shock to Developing Countries,” Unctad’s updated Trade and Development report has revealed that “in the two months since the virus began spreading beyond China, developing countries have taken an enormous hit in terms of capital outflows, growing bond spreads, currency depreciations and lost export earnings, including from falling commodity prices and declining tourist revenues.”

The Trade and Development Report, which has become the most credible gauge for assessing the adverse effects of hyper-globalisation since the 1990, suggested that developing countries have taken an enormous hit in terms of capital outflows, growing bond spreads, currency depreciations and lost export earnings, including from falling commodity prices and declining tourist revenues, following the Covid-19’s relentless march around the world.

According to the TDR’s (Trade and Development Report) latest update, portfolio or hot money outflows from major emerging economies surged to \$59 billion during February and March due to the Covid-19 pandemic.

In contrast, during the 2008 financial crisis, the outflow of portfolio funds was only \$26 billion. Consequently, the values of currencies of emerging economics, including India, against dollar fell down steeply between 5 per cent and 25 per cent since the beginning of this year.

The latest TDR update, prepared by the Unctad’s macro-economic division led by Richard Kozul-Wright, has suggested that “there is broad agreement that the global economy will contract given the sudden stop to large swathes of activity and the resulting income loss in the manufacturing and services sectors across most advanced countries and China, combined with the adverse effects on financial markets, consumption (through both income

and wealth effects), investment confidence, international trade and commodity prices.”

The update is based on its “Global Policy Model” that “estimates a boost to the national incomes of advanced economies and China of about \$1.4 trillion in 2020, substantially smaller than the headline values of the packages.”

US ‘rescue’ package

The US has already declared a stimulus package — which is referred to as the disaster relief package by several economists will have “a positive impact not only on their own economies but the world economy as well.”

“Although this will, in all likelihood, not prevent a global contraction this year it should (hopefully) avert the recession turning in to a prolonged depression,” the TDR update suggested. It argued that the so-called rescue package should also contribute to stemming the fall in the prices of both financial assets and commodities and will partially alleviate the negative growth impact from the crisis on developing countries.

In contrast, the developing countries, including India, “face distinct pressures and constraints which make it significantly harder for them to enact effective stimulus without facing binding foreign exchange constraints.”

Moreover, developing countries like India “do not issue international reserve currencies, they can only obtain them through exports or sales of their reserves.” Further, the developing countries such as India would need “significant imports of equipment, intermediate goods, know-how and financial business services” for their exports.

Also, “the financial turmoil from this crisis has already triggered sharp currency devaluations in developing countries, which makes servicing their debts and paying for necessary imports for their industrial activity far more onerous,” the TDR’s latest update argued.

Given the increasing precautions that developing countries with huge populations are forced to undertake to fight the Covid-19 pandemic, which is still in the early stages of spreading from individuals to communities, and the associated challenges imposed on governmental budgets from the public health crisis, international trade, fragile financial systems, and escalating

debt-servicing costs since 2012, it is important to consider special package of measures for developing countries.

The package of measures include a coordinated global response to liquidity shortages to address immediate financing needs through IMF's special drawing rights (SDRs), imposition of capital controls "as a necessary, permanent, and fully legitimate part of any policy regime, temporary "standstills" on a debt service payments as well as creation of new debt-relief measures, and a new Marshall Plan for Health Recovery, among others.

Source: thehindubusinessline.com-Mar 30, 2020

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Crunching Numbers: U.S. in urgent need of masks, China steps up to meet global demand

Now, people across the U.S. are sewing face masks. Factories in the U.S., which usually mass-produce hoodies and T-shirts, are re-manufacturing masks to alleviate shortages to fight coronavirus.

As of March 29, cases of COVID-19 confirmed in the U.S. topped 142,000. In early March, the U.S. excluded Chinese face masks and some other medical equipment from tariffs and began to take steps to tackle the dire shortages.

On Sunday, 130,000 N95 masks, 1.7 million surgical masks and other medical supplies from China arrived in the United States. The plane landed at John F. Kennedy airport carrying these goods for distribution in the country's three hardest-hit states: New York, New Jersey and Connecticut.

How desperately Americans need face masks

On March 17, COVID-19 was confirmed in all 50 U.S. states. As the novel coronavirus continues to spread in the U.S., there are not enough medical masks.

As early as February 25, U.S. Health and Human Services (HHS) suggested that the country needs 300 million masks to tackle COVID-19, but the country currently only has a stockpile of 30 million. On March 18, according to The New York Times, a hospital in North Texas was facing the possibility

of closing due to the critical shortage of masks. On March 19, The Washington Post reported that mask shortages in Seattle were so acute that doctors were being asked to reuse them. At the same time, COVID-19 cases have surged by 50 percent in one day in Florida, where the supply gap of N95 face masks was up to two million.

In light of that, the Trump administration invoked the Defense Production Act to expand production of hospital masks and protective gear to prevent the virus spread and fight the "Invisible enemy." The Defense Production Act was enacted in 1950, and it gives the federal government a wide range of powers to enlist private companies to help deal with the national crisis.

It is apparent to see that the U.S. demand for face masks is surging with the outbreak of COVID-19, leading to a direct mask shortage. In addition, COVID-19 spurs the global need of face masks, some countries even seized face masks which should have been shipped to other regions. For example, Germany blocked the export of 240,000 masks to Switzerland because the German federal government set up a new regulation on March 4 which banned the export of medical protection gear to avoid supply shortages.

What's more, tariffs on Chinese medical goods are hurting the U.S.'s coronavirus fight. Trump raised U.S. tariffs to 25 percent on Chinese medical products such as disposable medical headwear, CT systems and hand sanitizers in 2018. As these goods become more expensive, the U.S. imported less from China. According to research conducted by the Peterson Institute for International Economics, U.S. imports of Chinese medical products fell by 16 percent between 2017 and 2019.

Mask production lines moving out of the country potentially caused the short supply in the U.S. Medegen Medical Products said in an interview that, currently, the global production of face masks is significantly limited to China, which indicates that changing to U.S. or third-country manufacturers "is not practical or competitive."

From 90% U.S.-made to 95% foreign-made

Although many well-known mask manufacturers in the world are American companies, their production lines are outside the U.S. For example, the world's largest mask manufacturers, 3M and Honeywell, have factory production lines mainly located in China. That means not enough face masks are made in America to deal with the coronavirus, especially after the U.S. raised tariffs on imported goods, including masks, in September 2019.

National Public Radio (NPR) reported that Mike Bowen, executive vice president of Prestige Ameritech, the largest manufacturer of surgical masks in the U.S., said the problem had been sown 15 years ago.

At that time, most mask factories moved abroad where the cost of producing masks was very low. "The surgical mask supply went from being 90-percent U.S.-made to being 95-percent foreign-made in literally one year," said Bowen.

According to the HS Code, face masks are an integral part of the made-up textile articles industry. The latest U.S. Census Bureau data shows 71 percent of U.S. customs import value in made-up textile articles, face masks included, were imported from the Chinese mainland in January 2020. This situation reflects that the U.S. mask supplies rely heavily on China from another angle.

In addition, from a diachronic perspective, the customs import value from the Chinese mainland even remained stable after the China-U.S. trade war, while the customs import value from India and Chinese Taiwan increased by 46.2 percent and 37.6 percent respectively.

Chinese mask manufacturers work overtime to meet global demand

Now Chinese companies have been working overtime to produce protective masks since workers got back to work. Data shows that at the start of February, China's daily output of face masks was a little more than 10 million, while in the next 20 days, it surged to 116 million, which is 12 times that of early February. Capacity utilization rate of mask enterprises have already reached 110 percent by the end of February.

[Click here for more details](#)

Source: news.cgtn.com- Mar 30, 2020

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Emerging Markets Will Get ‘Hammered’ in Downturn Eclipsing Great Recession: IHS

The recession being caused by the COVID-19 pandemic is now forecast to be deeper than that of the Great Recession of 2008-2009, according to a new report from IHS Markit.

Most economies won't return to pre-pandemic levels of output for two to three years, Nariman Behraves, chief economist at IHS Markit, and Elisabeth Waelbroeck-Rocha, chief international economist at the global analytics and consultancy firm, said.

IHS's new Monday forecast is much more pessimistic than its regularly scheduled March outlook released two weeks ago and based on major downgrades to forecasts of the U.S. economy and oil prices.

“The risks remain overwhelmingly on the downside and further downgrades are almost assured,” Beravesh and Waelbroeck-Rocha said.

IHS Markit now believes real world gross domestic product (GDP) should plunge 2.8 percent in 2020 compared with 2009's 1.7 percent drop. Many key economies will see double-digit year-over-year declines in the second quarter, with the contraction continuing into the third quarter, the report said.

Based on recent data and developments, IHS Markit has cut the U.S. 2020 forecast to a decline of 5.4 percent. Tied to the deep U.S. recession and collapsing oil prices, IHS Markit expects Canada's economy to contract 3.3 percent this year, before seeing a modest recovery in 2021.

“Europe, where the number of cases continues to grow rapidly and lockdowns are pervasive, will see some of the worst recessions in the developed world, with 2020 real GDP drops of approximately 4.5 percent in the Eurozone and U.K. economies,” the economists said.

“Italy faces a decline of 6 percent or more. The peak GDP contractions expected in the second quarter of 2020 will far exceed those at the height of the global financial crisis.”

The report noted that Japan was already in recession before the pandemic and the postponement of the summer Tokyo Olympics will make the downturn even deeper. IHS Markit expects a real GDP contraction of 2.5 percent this year and a very weak recovery next year for Japan.

China's economic activity is expected to have plummeted at a near-double-digit rate in the first quarter before recovering sooner than other countries, where the spread of the virus has occurred later. IHS Markit predicts growth of just 2 percent in 2020, followed by a stronger-than-average rebound in 2021.

"Emerging markets growth will also be hammered," the economists said. "Not only are infection rates rising rapidly in key economies such as India, but the combination of the deepest global recession since the 1930s, plunging commodity prices and depreciating currencies compounding already dangerous debt burdens will push many of these economies to the breaking point."

IHS said it will likely take two to three years for most economies to return to their pre-pandemic levels of output.

Added to that is the likelihood that the pandemic's negative effects and uncertainty will pound capital spending, sending GDP below historic levels, equal to or worse than in the wake of the global financial crisis more than a decade ago.

"A sizeable and aggressive policy response will help to limit the downturn and bolster the upturn," Beravesh and Waelbroeck-Rocha added.

"We are beginning to see a much more effective fiscal and monetary response in recent days. While these moves are probably not big enough, they will act as circuit breakers and prevent the COVID-19 recession from becoming far worse."

Source: sourcingjournal.com - Mar 30, 2020

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WTO members agree on a temporary mechanism to resolve trade disputes

The European Union, China and 14 other World Trade Organization members have agreed on a temporary mechanism to resolve trade disputes after US action rendered the WTO incapable of acting as the arbiter of global trade.

Washington froze the WTO's Appellate Body, which acts as a supreme court for international trade, by blocking appointments for over two years. Two of the body's remaining three members came to the end of their terms in December, leaving it unable to issue rulings.

A WTO panel of trade experts will still make initial findings. However, it is no longer possible to appeal against a ruling at the Geneva-based body. Under the temporary fix, a pool of 10 arbitrators will be set up in the next three months. Three of them will hear any given appeal.

The European Commission said the WTO members involved had agreed to preserve the WTO's two-step dispute system until the WTO's own Appellate Body became operational again. The EU had previously teamed up with Norway and Canada to form a separate appeals body that could resolve disputes.

The other countries that signed include Australia, Brazil, Chile, China, Colombia, Costa Rica, Guatemala, Hong Kong, Mexico, New Zealand, Singapore, Switzerland and Uruguay.

Source: fashionatingworld.com - Mar 30, 2020

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USA: February's Clothing, Footwear Spending Dips, With Dramatic Drops Seen for March

In the early days of the coronavirus scare in the United States, the impact on what type of goods people were going to buy and how much they were going to spend started to creep into the national psyche, according to data released Friday by the Bureau of Economic Analysis (BEA).

Consumer spending on clothing and footwear fell 1 percent to \$407.71 billion in February compared to \$403.67 billion spent in January. It marked the second straight month of spending declines for the category, as the economy showed signs of wobbling before COVID-19 fully took hold in the country this month.

Economists and consumer analysts expect a deep decline in March spending, as evidenced by this week's nearly 3.3 million people new unemployment insurance benefits claims, as apparel and footwear stores closed across the country with the pandemic sweeping across the country.

According to the NPD Group, in the week ended March 14, consumers continued to shop, but the composition of their purchases changed as they focused on necessities for their new reality.

"Changes are just beginning, but NPD's weekly U.S. consumption trends already reveal a change in selling strategies, with average selling price down nearly 6 percent compared to last year, led by apparel declines but offset by increases in office supplies driven by cleaning and disinfectant supplies," Marshal Cohen, chief industry advisor at NPD Group, said.

"The second week of March saw U.S. consumers move further into the 'stay-at-home' lifestyle and dramatic shifts in consumption emerged as a result."

NPD said it expects to see continued sales changes in the coming weeks due to retail store closures, entertainment and sports shutdowns, changes in restaurant transactions, and city and state lockdowns.

"An online sales boost and dominance of buy-online-pick-up curbside options are inevitable," Cohen said. "We will see millennials adjust their habits as they face the second financial crisis in their young adult lives. And our supply chain will shuffle between urgent replenishment and halted needs."

The BEA report showed overall personal consumption expenditures (PCE) increased 0.2 percent, or \$27.7 billion. Real PCE, adjusted for inflation, generated a \$13 billion increase in February, reflecting an \$18.3 billion increase in spending for services that was partly offset by a decrease of \$7.7 billion in spending for goods.

Within services, the leading contributor to the increase was spending on electricity and gas. Within goods, the leading contributors to the decrease were spending on motor vehicles and parts as well as recreational goods and vehicles. The PCE price index rose 0.1 percent. Excluding food and energy, the PCE price index increased 0.2 percent.

Personal income, which should nosedive in March, increased 0.6 percent, or \$106.8 billion, in February. Disposable personal income, a key gauge of retail spending in normal times, increased 0.5 percent, or \$88.7 billion, in February. Real DPI was up 0.4 percent in the month.

Personal outlays advanced \$28.4 billion in February. Personal saving was \$1.38 trillion and the personal saving rate—personal saving as a percentage of disposable personal income—was 8.2 percent.

Source: sourcingjournal.com - Mar 30, 2020

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Taiwan textile makers respond to need for protective gear amid COVID-19

Several companies in Taiwan's textile sector have been modifying their production lines and ramping up output to help meet the soaring demand for surgical masks and other personal protective equipment (PPE) amid the COVID-19 coronavirus pandemic.

Among the companies that have stepped up to the challenge is a "national team" of six manufacturers, which are producing protective hospital gowns that have P3 particulate filters.

Leading the team is Makalot Industrial, a top Taiwanese manufacturer that normally supplies textiles to global clothing brands but has moved quickly into the production of special protective gowns for people on the frontlines of the fight against COVID-19.

Makalot Industrial Chairman Chou Li-ping (周理平) said the company had the advantage of research and development conducted 17 years ago when the severe acute respiratory syndrome (SARS) epidemic hit Taiwan.

At that time, he said, Taiwan was importing most of its protective hospital gowns, and the government began encouraging domestic manufacture of PPE.

Against that backdrop, Makalot Industrial filed an application in 2003 for license to manufacture protective gowns, a product it had never made before, Chou said.

The company's research team came up with a design, which it patented three months later, according Liao Pai-jung (廖白蓉), a project manager at Makalot Industrial's innovation center.

The company was about to present its research and development results when the World Health Organization declared that the SARS outbreak had been contained, and Taiwan was removed from the list of affected areas on July 5, 2003, Liao said.

This time around, with the outbreak of COVID-19, Makalot Industrial decided to lead a "national team" to domestically produce protective and isolation gowns, according to Chou, who noted that the disease, which is caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) that was first detected in China late last year.

Makalot Industrial made that decision within minutes of receiving a phone call from the Ministry of Economic Affairs on the matter, Chou said.

The company is now on schedule to domestically produce 100,000 protective gowns by late April and is aiming to manufacture another 220,000 at its factory in Vietnam, he said.

Makalot Industrial also plans to set up a production line in Chiayi in southern Taiwan, which will manufacture 10,000 gowns per month initially and gradually increase its monthly output to 50,000, Chou said. In the critical battle against COVID-19, Makalot Industrial, Eclat Textile and four other manufacturers on the "national team" have been contracted by the government to deliver 1.1 million isolation and protective hospital gowns by April.

Meanwhile, Kang Na Hsiung Enterprise, a manufacturer of hygiene products and synthetic textiles, has revived its production lines for meltblown nonwovens -- the main raw material used to make surgical masks -- which had been mothballed for at least five years.

Since the Taiwan government took the step of requisitioning all domestically produced surgical masks, Kang Na Hsiung Enterprise said, it has ramped up its daily production of meltblown nonwovens to 2.4 tonnes, which can make more than 3 million face masks.

With the ready response of manufacturers to increasing demand for PPE during the COVID-19 epidemic, Taiwan's textile industry is seeing a strong revival after its decline in recent years due to an exodus of companies, according to Justin Huang (黃偉基), secretary-general of Taiwan Textile Federation.

Source: focustaiwan.tw- Mar 30, 2020

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Apparel industry in crisis – Why we need to work as a team

William Golding's novel 'Lord of the Flies' depicts the struggle between a structured civilisation and the degradation of societal norms caused by an unusual circumstance and unstructured leadership.

As global retailers and brands cross the coronavirus bridge from an orderly supply chain to one filled with chaos, we must remember that the end of the 'Lord of the Flies' story was a return to normalisation.

The community goal for all retailers and brands should be one that reconciles the coronavirus store closures with one that protects the supply chains upon which they were built. In current panic mode, if we stray from that goal, we will inadvertently destroy our beloved resources. Should that occur, then the prospect for a quick recovery will be far less than anyone can imagine.

The absolute worst thing that our industry can do right now is invoke a force majeure. This action is akin to a painful and poisonous pill; one that will ultimately kill the industry dead.

Cancelling any delivery has the downstream prospect of pushing suppliers into bankruptcy. Surely you can think of other ways to deal with this crisis – including delay of product, discounting and creative financing.

Looking at the 2019 apparel sourcing matrix for the United States (in SME), one can easily see where individual country exposure resides:

Country	Share of US imports
China	40.0%
Vietnam	14.2%
Bangladesh	7.1%
Indonesia	4.0%
India	4.0%
Cambodia	3.8%
Honduras	3.7%
Mexico	2.9%
TOTAL	80% of America's apparel product comes from 8 countries

For this spring season, with 40% of all apparel coming from China, our supply chain simply snapped. Most of the product arrived just in time for customers to leave or for stores to be closed.

Right now – and with critical importance – it is necessary for global buyers to understand inventory methodology when reacting to overseas purchases. The actions that they take (individually or collectively) will ultimately impact the entire future of our industry. If the financial noose is pulled too tight, then the chance for a prompt recovery will be choked off.

Force majeure – a clause in a contract that frees parties from liability or obligation when an extraordinary event or unforeseeable circumstance, such as coronavirus, occurs that is beyond their control – is the worst possible tool for any buyer to use. And anyone who even considers that implementation, needs to understand the ramifications of claiming a cancellation relating to an unavoidable catastrophic event.

If this method is utilised, it technically forces an order to be pulled from the factory log. As soon as that happens, the banks may be required to swoop in with a potential order for bankruptcy. This particular outcome is, of course, determined by the liquidity of the facility at risk.

Most in our industry already know that the factories that we utilise are often (financially) run as hand-to-mouth enterprises, and bankruptcy probably means closure. Further to that unfortunate realisation, the incredible

human consequence of factory workers losing their lifeline of food and housing is just hard to imagine.

While some of the eight top US apparel sourcing locations are better suited to handle a downturn, it is also clear that many of the countries are not. Of grave concern is Bangladesh, where unpaid workers could have severe negative consequences that far exceed anyone's worst imagination.

Alternative options

America's \$2.2 trillion stimulus package does provide some much-needed assistance for the retail community. There is \$349 billion set up for small business loans, \$500 billion for other loans, and \$15 billion of tax savings for retailers that have renovated facilities.

While it is critical for retailers and brands to do what they need to do in order to stay functional in this time of crisis, it would be far better if we had global guidelines and alternative options that might thwart or mitigate order cancellation.

One leading pioneer in this field is Spencer Fung, group CEO of sourcing giant Li & Fung.

Spencer firmly believes that we need a more global approach to navigate the ebb and flow of business during the coronavirus crisis. Utilising the International Chamber of Commerce (ICC), or the Group of Twenty (G20) to help guide industry supply chains through the mechanics of scaling back orders is a fabulous concept.

Spencer is proposing that we work with different governments, using a concerted effort to solve this problem in a coordinated manner. Clearly, this is a great idea and one that will be pursued.

Of course, there are other options to resolve thorny issues: options that find a way to work together with guidance and oversight. In a memorable quote Spencer said that when it comes to our industry, "the United States is the main economic engine that powers the world. When the US consumer stops spending, and the cash from that engine stops, millions of companies around the world will stop." The net effect of all this is that companies will be hurt, factories will be hurt, countries will be hurt and – most important of all – people will be hurt.

China is already getting back on its feet, and we are receiving significant data that helps us understand how the crisis unfolds. This data also shows how issues can resolve on a week-to-week basis. It's critically important that we learn what we can do next, and critically important that we avoid taking any drastic action that could sink the entire supply chain. At this time of crisis, we all need to focus on saving both the goose and the gander.

In the novel 'Lord of the Flies,' all the players do ultimately return to a state of normal. But, then again (even though this was a fictional encounter), there was a state to return to.

As long-time players in an industry that we love, perhaps a reminder is needed. Ultimately, we are all in this club and we need to work as a team.

In the words of baseball great Babe Ruth: "You may have the greatest bunch of individual stars in the world, but if they don't play together, the club won't be worth a dime."

Source: just-style.com- Mar 30, 2020

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H&M not to cancel orders but halts new order placements

Much to the relief of some Bangladeshi exporters, Swedish retail giant H&M has assured its garment suppliers of taking shipment of goods that have already been manufactured.

The brand will also pay for these goods under agreed payment terms. In addition, it will not negotiate prices on already placed orders. However, H&M has decided not to place any import orders in Bangladesh for now due to the adverse impact of COVID-19 outbreak on the global economy.

H&M made this announcement at a time when apparel suppliers across the world, including those from Bangladesh, are being slammed by work order cancellations and delayed shipments.

The Swedish company sources garment and textile items worth nearly \$4 billion from more than 230 Bangladeshi factories annually. The brand will start placing orders again as soon as the situation allows. It is well aware

that the suppliers, and their employees, are extremely vulnerable in this situation.

Companies such as H&M play a key role in many developing countries, as well as global trade. The brand is investigating how it can support countries, societies and individuals from a health and financial perspective.

In this first urgent phase, It plans to focus our efforts on countries that are highly dependent on the textile industry.

Source: fashionatingworld.com- Mar 30, 2020

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Bangladesh: RMG order cancellations, suspensions cross \$3b

The value of readymade garment export orders cancelled or put on hold by global buyers due to the worldwide coronavirus outbreak exceeded \$3 billion till Monday, exporters said.

They said that almost all global buyers were cancelling or holding shipment of their orders every day, putting uncertainty on the upcoming orders.

According to the Bangladesh Garment Manufacturers and Exporters Association data, 1,041 RMG factories on Monday informed the trade body that they received cancellation or shipment delay notices from the buyers for the export orders worth \$2.87 billion.

BGMEA officials said that it was the picture of only 1,041 factories and many other manufacturers were yet to report to the trade body about the issue.

They said that the exact figure of cancelled or delayed orders would be higher than \$3 billion.

There were plenty of goods which remained in different stages of production or produced already at the factories and ready to be shipped, but due to buyers' embargo manufacturers could not ship those items, exporters said.

Citing BGMEA data, the Associated Press reported that \$1.8 billion in orders had been put on hold and another \$1.4 billion had been cancelled.

It said that cancellations of planned orders, for April-December, amounted to nearly \$1.7 billion.

‘Such goods are already financed by the factories, including wages of the workers to be paid. We want these goods to be accepted by the buyers as per schedule and make the payments immediately,’ Mostafiz Uddin, managing director of Bangladesh Denim Expert Ltd, told New Age.

He said that there were confirmed orders from buyers for which factories had stocked raw materials in houses but could not start production. ‘At this stage, it is difficult for us to absorb the shock since our operation is based on a cycle of current and upcoming orders which we always finalise and make preparations and allocate our production capacity accordingly,’ Mostafiz said.

He said that the sudden cancellation of orders would result in tremendous financial losses since the manufacturers could send their workers home without payment. ‘A partial payment is most logical if we call it responsible purchasing because it will be used to pay wages of the workers,’ Mostafiz added.

Source: newagebd.net- Mar 30, 2020

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Bangladesh: Coronavirus triggers collapse in garment industry demand, putting jobs in Asia at risk

The garment industry is witnessing a collapse in demand due to the economic fallout from the coronavirus outbreak, putting jobs across Asia at risk.

“Across the entire industry, shops are closed, brands and retailers actually right now have an oversupply situation with whatever orders they have placed. They fear that they may not be able to sell it, so they are actually canceling orders or delaying shipments of orders,” said Stanley Szeto, executive chairman of Lever Style, a Hong Kong-based garment maker.

“I guess nobody is lacking a shirt to go out,” said Szeto, who is also an honorary chairman at the Textile Council of Hong Kong.

Lever Style's customers include Hugo Boss and Everlane.

Asia is key for garment manufacturing and many jobs in the region will be at risk, potentially causing social problems in countries like Bangladesh, Cambodia and China that are dependent on the export economy, Szeto told CNBC's "Squawk Box" on Friday.

"A lot of factories in Asia they're seeing orders dry up in a few weeks," he said.

Bangladesh, for example, has seen \$2.6 billion worth of orders in its garment sector withdrawn, with fresh cancellations coming up, the country's commerce minister told CNBC last Friday. The country is the world's second-largest clothing exporter behind China, according to ratings agency Moody's.

More than 4,600 garment factories in Bangladesh make shirts, T-shirts, jackets, sweaters, and trousers. The clothes are mostly shipped to Europe, the United States and Canada, to be sold by local retailers in those countries.

"It's been very, very hard dealing with all the emergencies because we've been facing cancellations every day on almost a minute-to-minute basis," said Rubana Huq, president of the Bangladesh Garment Manufacturers & Exporters Association.

According to the association, ready-made garments comprised 84.21% of Bangladesh's total exports worth \$40.5 billion in its 2018-2019 fiscal year. Huq expects many more cancellations to come as the industry faces "total uncertainty," she told CNBC on Monday.

"We submit the export documents and then we get paid. If we don't get paid, we can't actually pay our workers, so it's difficult for us — even getting through with March salaries is difficult," said Huq.

"My worry is, what is going to happen to so many people — 4.1 million — that are engaged in the garment sector and we are not being able to take care of them properly," she added. She made a video appeal to international fashion brands earlier last week, urging them to pay for and receive goods already under production.

"We want the workers to be paid, we want them to be safe, and for that we need the brands to react and respond at this point in time — with urgency," Huq told CNBC on Monday.

The plunge in demand comes as the coronavirus that was first reported in the central Chinese city of Wuhan spread rapidly across the globe, causing a worldwide logistics and supply chain disruption.

Factories in China were shut down for an extended period during the Lunar New Year holiday, interrupting supplies the other parts of the world. Even as more and more factories in China return to work and come online again, the concern has shifted to another issue: demand.

“A month ago, we were talking about supply chain disruption ... but right now, everybody has forgotten about the supply chain disruption. Supply chain disruption has given way to a collapse in demand,” said Szeto. “Right now there’s too much production,” he added.

Source: cnbc.com- Mar 30, 2020

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Pakistan: Textile industry wants special permission to keep factories open

Textile exporters have appealed to Prime Minister Imran Khan to consider exports on a par with essential services amid the coronavirus pandemic and bind Pakistani missions abroad to help sustain exports orders already in place with foreign buyers.

They urged the premier to give special instructions to the Ambassadors, Consul Generals and Trade Officer/Commercial Counsellors designated abroad in friendly countries to immediately approach the concerned ministries/departments/buyers in respective countries with recommendations to maintain business with their Pakistani counterparts.

It was further urged to not cancel textile orders given to Pakistani exporters.

The appeals came from Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Central Chairman Chaudhry Salamat Ali in a news statement issued on Sunday.

Ali, in his letter to the Prime Minister, emphasised the need to use Pakistani foreign missions abroad convincing the buyers to maintain their business

with Pakistani counterparts and not to cancel textile orders given to the Pakistani Textile industries.

Pakistan's major textile export destinations are USA, EU, UK, Germany, France, Italy, Spain, Netherlands, Belgium, Canada, and Japan. Reportedly, many foreign buyers have cancelled their orders, several others have asked to slowdown production.

PHMA believes that exports, being the highest foreign exchange earner and employment provider, should also be treated on a par with essential services, Ali states in the letter.

He lauded the announcement of the federal government to allow the textile export industry to complete its orders in progress in 3 to 5 days while taking all precautionary and preventive measures. Nonetheless, the industries are totally closed in view of complete lockdown, he said.

The export orders of many PHMA member exporters are in progress, which will be completed in next few days, provided the government allow to operate the industries.

Exporters are highly perturbed and want to complete their pending/in process export orders so that they may complete export consignments and send shipments in next few days to avoid colossal financial losses, the letter further states.

The PHMA's office-bearer requested the Prime Minister to order provincial governments to fully facilitate textile export industries in their respective provinces by giving special permission of transportation of export orders.

He said export industries are conscientious of Covid-19 and have taken all special preventive measures before the countrywide lockdown.

"Majority of industries have already made special arrangements regarding workers like sensing temperatures, observance of cough or flu condition, installation of sanitisers at time offices, regular fumigation, dedicated private transport for physically fit workers.," the press released quoted Ali as having said.

Source: profit.pakistantoday.com.pk- Mar 29, 2020

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NATIONAL NEWS

Existing foreign trade policy likely to be extended

Schemes like MEIS, EPCG may continue for some more months providing stability to exporters

The existing Foreign Trade Policy, which is scheduled to lapse this month-end, may be extended by six months as the government has not been able to wrap up consultations for a new policy due to the on-going lockdown aimed at checking the spread of Covid-19.

Commerce & Industry Minister Piyush Goyal is likely to make an announcement on the FTP on Tuesday to bring clarity on the measures that would be in place from April 1, 2020. The new FTP 2020-25 is likely only later this year, an official told BusinessLine.

“It is expected that all existing schemes and programmes for exporters and importers, that were to end on March 31, 2020, will continue for at least six months. This will give some stability to exporters in the current uncertain times apart from providing more time for consultations,” the official said.

If the current FTP (2015-20) is extended, all existing incentives and schemes will also continue. This will include the popular Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) scheme that the government has to phase out because of a World Trade Organisation (WTO) dispensation.

Exporters from most sectors are looking for an extension in policy as in the current scenario, when exports have taken a big hit due to shut-down, they do not want existing incentives to be tinkered with.

“A demand for extension of all export obligations and revalidation of all advance authorisations have also been made as exporters point out that there is delay in both exports and imports under the existing situation,” the official added.

India's goods exports declined 1.5 per cent to \$292.91 billion in April-February 2020 compared to last year. Exports increased marginally in February 2020, but are expected to dip sharply this month because of the breakdown in production, supply and payments.

“The Commerce Minister already announced earlier this month that the MEIS scheme will be gradually phased out and replaced with the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme after due consultations with stakeholders. The rates under RoDTEP will be fixed only after taking inputs from the industry and this could take six to eight months,” the official said.

The government is not time-bound to replace the MEIS, EPCG or the other schemes that a WTO panel has ruled against as India has filed an appeal against the ruling.

Source: thehindubusinessline.com- Mar 30, 2020

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What ails the country's textile industry?

India's share in the global textiles exports is just 5 per cent, which is minuscule as compared to China's share of 38 per cent. Much smaller players like Bangladesh and Vietnam have a share of 3 per cent in global exports and are increasingly threatening India's exports.

Estimated at \$16.2 billion in the financial year 2019, India's apparel exports fell by 1.2 per cent from the financial year 2018, which in turn was 4 per cent lower than the previous year. Even the share of apparel exports in the country's total textile exports have fallen sharply from 51 per cent in the financial year 2017 to 45 per cent in the financial year 2019.

High input costs

Some of the issues that are holding the industry back include higher taxes, high cost of raw materials and cheap imports. The Northern India Textile Mills Association (NITMA) alleged that a multi-stage tax is levied on every value addition. State and central taxes, plus levies are resulting in Indian yarn becoming non-competitive in global markets. Then there was high cost of raw material.

Compared to its global competitors, Indian spinning mills have to spend more on raw materials, which directly affects their cost of production, and hence the country's competitiveness in the global market.

The cost of raw materials is much higher as compared to global prices, which results in a loss of 20-25 per kg to Indian mills. Also, the cotton-spinning industry has been hit by the cheaper import of garments and yarn from Bangladesh, Sri Lanka, and Indonesia. This is because of the lower cost of their raw materials as compared to India.

Textiles Mission okayed

It is in this context that the decision taken on February 26, 2020 by the Cabinet Committee on Economic Affairs, chaired by the Prime Minister Narendra Modi can give much-needed relief to the ailing industry. The Cabinet Committee on Economic Affairs has given its approval to set up The National Technical Textiles Mission with a total outlay of 1480 crores, with a view to positioning the country as a global leader in Technical Textiles. The Mission would have a four-year implementation period from the financial year 2020-21 to 2023-24.

Technical Textiles are a futuristic and nice segment of textiles, which are used for various applications ranging from agriculture, roads, railway tracks, sportswear, health on one end to bullet proof jacket, fire proof jackets, high altitude combat gear and space applications on other end of the spectrum.

The Mission will have four components. The component of research, innovation, and development will have an outlay of 1000 crores. This component will promote both (i) fundamental research at the fibre level aiming at path-breaking technological products in Carbon Fibre, Aramid Fibre, Nylon Fibre, and Composites and (ii) application-based research in geo-textiles, agro-textiles, medical textiles, mobile textiles, and sports textiles and development of bio-degradable technical textiles.

The fundamental research activities will be based on 'pooled resource' method and will be conducted in various Centre for Scientific and Industrial Research (CSIR) laboratories, Indian Institute of Technology (IIT) and other scientific/industrial/academic laboratories of repute. Application-based research will be conducted in CSIR, IIT, Research Design and Standards Organization (RDSO) of Indian Railways, Indian Council of Agricultural Research (ICAR), Defence Research & Development Organization (DRDO), National Aeronautical Laboratory (NAL), Indian Road Research Institute (IRRI) and other such reputed laboratories.

The component of promotion and market development would also be there. It says that the Indian Technical Textiles segment is estimated at USD 16 Billion, which is approximately 6 per cent of the 250 Billion USD global technical textiles market. The penetration level of technical textiles is low in India varying between 5-10 per cent against the level of 30-70 per cent in developed countries.

Mission targets

The Mission will aim at an average growth rate of 15-20 per cent per annum taking the level of domestic market size to 40-50 Billion USD by the year 2024; through market development, market promotion, international technical collaborations, investment promotions and 'Make in India' initiatives.

The third component relates to export promotion. This component aims at export promotion of technical textiles enhancing from the current annual value of approximately 14000 crores to 20000 crores by 2021-22 and ensuring 10 per cent average growth in exports per year upto 2023-24. Export Promotion Council for Technical Textiles will be set up for effective coordination and promotion activities in the segment.

Education, training and skill development would be given a lot of focus. It is observed that education, skill development and adequacy of human resources in the country are not adequate to meet the technologically challenging and fast-growing technical textiles segment. The Mission will promote technical education at higher engineering and technology levels related to technical textiles and its application areas covering engineering, medical, agriculture, aquaculture, and dairy segments.

Skill development will be promoted and an adequate pool of highly skilled manpower resources will be created for meeting the need for relatively sophisticated technical textiles manufacturing units. The Mission will focus on the usage of technical textiles in various flagship missions, programmes of the country including strategic sectors. The use of technical textiles in agriculture, aquaculture, dairy, and poultry. The JalJivan Mission; Swachh Bharat Mission; Ayushman Bharat will bring an overall improvement in cost economy, water and soil conservation, better agricultural productivity and higher income to farmers per acre of land holding in addition to the promotion of manufacturing and exports activities in India. The use of geo-textiles in highways, railways and ports will result in robust infrastructure, reduced maintenance cost and higher life cycle of the infrastructure assets.

Promotion of innovation amongst young engineering, technology, science standards, and graduates will be taken up by the Mission; along with creation of innovation and incubation centres and promotion of 'start-up' and Ventures'. The research output will be reposted with a 'Trust' with the Government for the easy and assessable proliferation of the knowledge thus gained through research innovation and development activities. A sub-component of the research will focus on the development of bio degradable technical textiles materials, particularly for agro-textiles, geo-textiles, and medical textiles. It will also develop suitable equipment for environmentally sustainable disposal of used technical textiles, with emphasis on safe disposal of medical and hygiene wastes.

Mission's mission

There is another important sub-component in the research activity aiming at the development of indigenous machinery and process equipment for technical textiles, in order to promote 'Make In India' and enable competitiveness of the industry by way of reduced capital costs. A Mission Directorate in the Ministry of Textiles headed by an eminent expert in the related field will be made operational. The Mission Directorate will not have any permanent employment and there will be no creation of building infrastructure for the Mission purpose. The Mission will move into the sunset phase after four years period.

The Cabinet Committee on Economic Affairs has observed that the technical textiles are textiles materials and products manufactured primarily for technical performance and functional properties rather than aesthetic characteristics. Technical Textiles products are divided into 12 broad categories (Agrotech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Mobiltech, Meditech, Protech, Sportstech, Oekotech, Packtech) depending upon their application areas.

India shares nearly 6 per cent of world market size of 250 Billion USD. However, the annual average growth of the segment is 12 per cent, as compared to 4 per cent world average growth. The penetration level of technical textiles is low in India at 5-10 per cent, against 30-70 per cent in advanced countries. The Mission aims at improving the penetration level of technical textiles in the country.

Source: tehelka.com- Mar 30, 2020

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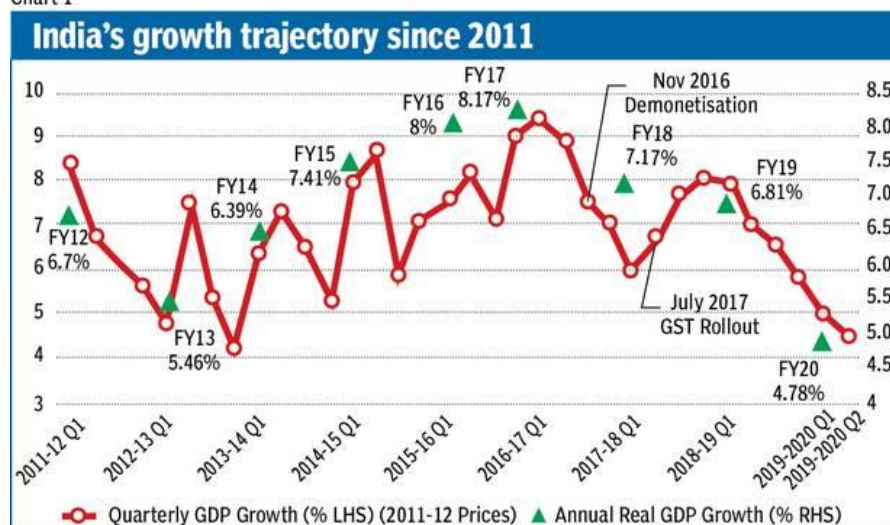
Covid-19: Another blow to India's economy

India's financial distress was exacerbated by the pandemic. With limited fiscal space, the onus for economic revival rests with the RBI

The constantly evolving Covid-19 pandemic has cast a long shadow on the global economy, which was already jolted by the US-China trade war. With fears of a global recession on the horizon, Covid-19 appears to have dealt the global economy a triple-whammy: massive supply-chain related disruptions across a range of industries from containment efforts in China and other economies; amplification of demand-side shocks due to uncertainties as well as lockdowns and other containment measures domestically; and propagation of financial shocks and the US dollar credit crunch.

This global shock comes at a particularly inopportune time for India, as the economy was already on a very concerning downward trajectory since the turn of FY 2018-19 (Chart 1). More specifically, on a quarterly basis, India's growth rate fell from around 8 per cent in Q4 FY18 to a new low of 4.5 per cent in Q2 FY20.

Chart 1



Indeed, in its January 2020 update to the World Economic Outlook, the International Monetary Fund (IMF) downgraded India's growth estimates for 2019 to 4.8 per cent — the lowest for over a decade — and sharply revised its

2020 growth forecast to 5.8 per cent, down 1.2 percentage points from the previous forecasts. These downgrades happened even before the onset of the pandemic, and now look overly optimistic.

The roots of India's economic drag in recent years can be traced back to the aftermath of the drastic demonetisation experiment, which led to significant collateral damage, and the effects of the rollout of the GST. While both these supply-side measures may have been well-intended, they have certainly

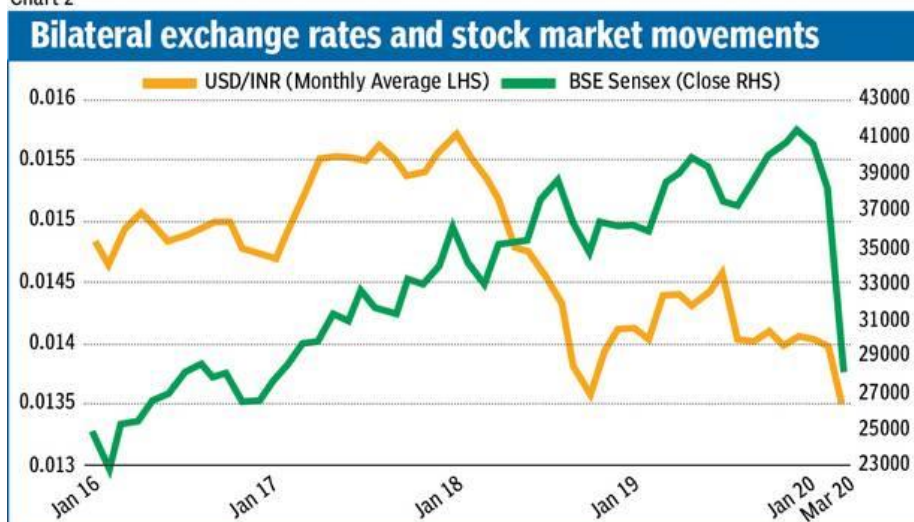
contributed to marked economic disruptions and led to a deeply entrenched slowdown in the informal sector.

This has, in turn, been exacerbated by acute banking sector problems, with banks being saddled by non-performing assets (NPAs) partly driven by “crony capitalism” stemming from the close nexus between banks and large “politically connected” businesses, giving rise to dubious lending practices and bad loans. Added to these banking woes has been a generalised credit crunch in the financial system due to stresses in the non-bank financial sector, especially following the collapse of Infrastructure Leasing & Finance Services (IL&FS).

On the external front, India’s economic struggles have been somewhat complicated by the uncertainties triggered by the US-China trade war. Although India’s relatively limited presence in the global value chains (GVCs) allowed it to be somewhat insulated from the trade war, it was nevertheless a missed opportunity to benefit from potential investment diversion from China. India’s inability to exploit investor interest in looking beyond China (as Vietnam has, for instance), is a failure of the country’s flagship “Make in India” initiative which seems to be becoming an excuse to revert to a degree of protectionism rather than of enhancing export competitiveness per se.

Impact of Covid-19

Chart 2



Source: Authors based on Pacific Exchange Rate Database and Bombay Stock Exchange
Note: A rise (fall) implies an appreciation (depreciation) of USD vis-a-vis INR

The immediate economic and market impacts of the coronavirus have been on India’s financial markets as well as the rupee, which hit a new low vis-à-vis the US dollar in March due to global risk-off sentiment (Chart 2). For firms

laden with dollar-denominated debts, a continuous weakening of the rupee is likely to intensify their struggles to repay their obligations. Beyond the

financial shocks, India has to urgently find a way to cushion the demand-side shocks induced by potential lockdowns and other ongoing containment measures.

Although the recent drop in oil prices offers some reprieve, it is inevitable that India will have to undertake more aggressive counter-cyclical fiscal measures at some stage to buffer against acute negative shocks arising from the spread of Covid-19.

With the escalating number of infections, even after the self-imposed janata curfew experiment on March 22 across the country, 30 States and Union Territories have now announced a complete lockdown as a means of flattening the pandemic curve. Such a prolonged lockdown in the near future is likely to be economically costly, with the brunt of the pain falling disproportionately on those in the informal sector.

Further, a country-wide lockdown in and of itself may not prove sufficient to stop large-scale community transmission, as the virus can make a comeback once such restrictions are lifted unless eradication efforts are complemented by extensive testing measures and a rigorous follow-up in terms of aggressive contact tracing and subsequent targeted isolation.

Indeed, such strategies have so far been successful in helping countries like South Korea and Singapore. As the Foreign Minister of Singapore Vivian Balakrishnan remarked recently, Covid-19 is “an acid test of every single country’s quality of healthcare, standard of governance and social capital. If any one of this tripod is weak, it will be exposed, and exposed quite unmercifully by this epidemic.”

Macroeconomic policy

Although an appropriate fiscal response is imperative to uplift the economy and especially assist the most vulnerable, a massive fiscal expansion of the type envisaged by many other countries is likely to exceed the fiscal targets set by the FRBM (the reprieve provided by low oil prices notwithstanding). This would imply that the government has to either invoke the escape clause or ignore the rule temporarily with the hope of returning to a path of fiscal consolidation once the Covid-19 storm has been weathered.

Given the limited fiscal space India has compared to its East Asian counterparts, the onus may well fall on the Reserve Bank of India (RBI) to do more heavy lifting in these times of growing economic distress. To that

end, the Central bank has also taken some steps to ease the dollar credit crunch via long-term repo operations (LTRO) and offered a \$2-billion swap for six months to ease the pressure on the rupee, although it has not been part of the coordinated action by central banks in taking even more aggressive measures to counter the heightened volatility and adverse economic fallout from the coronavirus.

Even if the RBI rolls out more aggressive measures, the broader concern that still remains is the inadequate monetary policy transmission that limits the effectiveness of any monetary stimulus in India, especially in the context of an impaired financial sector.

One can only hope that the acute economic challenges already faced by the country, which will only be exacerbated by the Covid-19 pandemic, will persuade Prime Minister Modi's government to refocus its priorities towards dealing with economic stabilisation and upliftment rather than pursue the more controversial aspects of its social and political agenda. The need of the hour is unity of purpose.

Source: thehindubusinessline.com- Mar 30, 2020

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No extension of the financial year, clarifies government

The government's clarification comes after a Gazette notification, which pertained to a change in dates for collection of stamp duties, was doing the rounds in some circles.

The government through a notification, clarified that it has not changed the beginning of its financial year from April 1 to July 1 - as is being claimed by some social media posts.

The beginning of the fiscal year (2020-21) would begin normally on April 1.

The government's clarification comes after a Gazette notification, which pertained to a change in dates for collection of stamp duties, was doing the rounds in some circles.

The demand to extend the financial year was in light of the shutdown that was put in place to combat the COVID-19 outbreak, as a 15-month year would look financials look better compared to the previous year.

The Reserve Bank of India has in fact announced the change much earlier, on February 15, to align its financial year with the government's.

Source: economictimes.com- Mar 30, 2020

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India's forex reserves fall by a whopping \$12 billion

The country's foreign exchange reserves fell by a whopping USD 11.98 billion to USD 469.909 billion in the week to March 20 as the Reserve Bank continued to supply dollars into the market to stem fall in the rupee. The rupee hit an all-time low of Rs 76.15 against the US dollar on March 23 as foreign investors continued to withdraw money from domestic equity and debt market amid uncertainties due to the fast-spreading coronavirus.

In the previous week, the country's foreign exchange reserves fell by USD 5.346 billion to USD 481.89 billion. This was the first decline in the country's reserve in almost six months. The reserves had touched a life-time high of USD 487.23 billion in the week to March 6, after it rose by USD 5.69 billion.

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Source: financialexpress.com- Mar 28, 2020

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How Far Will Lockdown Set Back India's Supply Chain?

In the midst of a lockdown that began Wednesday, the question for India will be how far-reaching the impacts this three-week freeze on almost everything will be for the country's garment supply chain.

Already, attention had ramped up for sourcing in India as more companies attempted to turn their backs on China before coronavirus was part of the conversation.

In a Flexport webinar Wednesday, 52 percent of polled attendees said they were already sourcing in the country, 13 percent said they're starting to talk to suppliers there, and another 12 percent indicated they're now considering doing business in India.

Those that were already operating in the country, however, are currently dealing with a nationwide shutdown and stay-at-home mandate for non-essential businesses and services.

Factories making anything but food, pharmaceuticals and a few other need-to-haves are closed. While logistics services aren't entirely locked down, a lack of labor means little is happening with the movement of goods.

"Container freight stations, inland container depots, wet ports are all still open...but labor is extremely limited so we're actually seeing many delays at many of these ports, as well as severe trucker shortages," Flexport ocean procurement manager for the Indian Subcontinent Dharshini Shegran said.

"If your cargo was already gated into a postal port in India...it will likely not be able to get into the port till about 21 days from now."

Manufacturing's momentum in the country has been entirely disrupted.

"There is going to be confusion over deliveries and demands as there is no fixed timeline by which the entire supply chain is going to get streamlined again," Aditya Goyal, CEO and managing director of Anubha Industries, a denim and textile manufacturer in India, told Sourcing Journal. "It seems that an entire quarter will be lost and the financial damage that it will create will change the dynamics of the apparel trade forever. It will force everyone to redraw their businesses and we might not be [in] the best health to be able to do so."

While 21 days isn't long enough to single-handedly deal a fatal blow to the garment sector in India, a three-week recess on revenue in line with cancelled orders from retailers won't be without longer-term ramifications.

"The impact on the factories is beyond imagination as no one was ready for this situation," Aseem Kumar, general secretary of the Garment Exporters Association of Rajasthan (GEAR) in Jaipur, India, told Sourcing Journal. Kumar owns Fashion Images Overseas, a factory based in Jaipur, and is also a permanent invitee of India's Apparel Export Promotion Council (AEPC).

"Most of the workers/labor in the factories are migratory labor as they belong to one state and work in other state," Kumar. "For the safety of citizens of India, all transport systems, like roads and trains, have been stopped by the government.

The workers have no option but to stay where they were. We are expecting huge losses and expect that the economy will go down, if coronavirus is not controlled soon."

The effect, Gopinath Selvaraj, sales manager of India's KG Denim Limited, told Sourcing Journal, "will test everyone."

For now, factories workers will be paid during the lockdown by order of the Indian government. But how long often cash-poor factories can keep that up remains to be seen.

"There is a clear directive to not do any pay cuts and pay all workers," Ramit Aggarwal, CEO of sourcing company Synergies India, said. However, he added, the 21-day no-revenue period will bring about serious challenges for suppliers.

"Factories will come under tremendous financial pressure as all sales have stopped, whereas fixed expenses still continue, like lease, electricity, salaries, bank interest on financial limits, etc.," he said.

Kumar is similarly concerned about his factory's ability to pay.

"The government has instructed that all factories have to pay the salaries to their staff till April 30, 2020. As there is no production, almost the whole world is locked down, this is making it difficult for the factory owners to pay their staff as there is no rotation of money," he said.

“All factory owners are expecting that government will soon come out with some package for the employees and will not burden any factory owners.”

The impending package may be able to help sustain factories provided the lockdown isn't extended—which manufacturers in India don't expect to see since the case count in India hovers at just 649, according to World Health Organization data Thursday, and they believe the three-week lockdown will effectively stem the spread. But what happens beyond that will have a lot to do with how retailers handle the order contracts they're currently renegeing on.

“At the end of the day, it all boils down to the brands and retailers honoring their commitments to their vendors,” Goyal said. “Their profits might have been due to their smart marketing and designs, but finally it was the product which sold and which has been manufactured and invested into by their vendors.

Leaving them in a lurch now with inventory and cancelled orders is definitely going to drive manufacturers across the supply chain to close shop and this will create an insurmountable livelihood crisis for the workers.”

April 14 is the slated reawakening date for India and its operations, and provided coronavirus cases haven't spiraled over that time, the expectation is that the lockdown will be lifted and factories will at least have the option to resume work, provided there's work to resume.

“My biggest concern is how the economy will survive if we do not find the cure for COVID-19,” Kumar said.

Source: sourcingjournal.com- Mar 30, 2020

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Indian govt seeks details of PPE manufactures in Gujarat

Following directions from Indian textiles secretary Ravi Capoor, the Southern Gujarat Chamber of Commerce and Industry (SGCCI) has started gathering information about manufacturers of protective face masks and suits in Surat and the south Gujarat region to curtail price hike and shortage of these crucial personal protection equipment (PPE).

According to Capoor, HLL Lifecare Limited, a government of India enterprise under the ministry of health and family welfare, has been appointed as the nodal agency for the official distribution and selling of face masks in India. As the demand for such items increased, manufacturers have inflated prices.

SGCCI president Ketan Desai said manufacturers of face masks and suits are required to sell their products to HLL Lifecare, or else the government will take legal action against manufacturers and distributors, according to a report in a top English-language daily.

Source: fibre2fashion.com- Mar 30, 2020

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Cotton farmers desperate for passes

Cotton farmers in Karaikal have requested the district administration to give them and farm workers passes to carry out work in the fields in order prevent the crops from pest attack.

Cotton farmers in Karaikal have requested the district administration to give them and farm workers passes to carry out work in the fields in order prevent the crops from pest attack. Cotton cultivation is taken up on about 1,000 acres in the district. Due to lack of maintenance, which includes spraying of pesticides, during the curfew period, most of them are prone to pest attack.

“We have cultivated cotton extensively in Karaikal district after the government assured us back end subsidy. Cotton is a crop which needs to be monitored daily in order to prevent the spread of pests. Pests have to be controlled at the early stages itself before it wreaks havoc to the entire crop.

We understand that the curfew was announced to prevent the spread of virus, but we also have to work in our fields to save our crops. Hence, we request curfew passes for us and our farm workers, “said S Rajendran, a farmer-leader.

Most of the farmers have cultivated ‘Bt cotton’, a genetically modified crop, which has gained notoriety in recent years in Tamil Nadu’s cotton belt districts like Perambalur, Ariyalur, and Tiruchy to have attracted pests like bollworm, fungi like powdery mildew, bacteria like black arm, and has resulted in conditions like root rot. However, now the farmers fear that they need to control the pests before they multiply exponentially during the ongoing phase of curfew.

“We do not get fertilisers like urea easily in Karaikal. Many of us have to cross borders, go to places like Tharangambadi and Sembanarkoil, where we are restricted. Our workers also come from districts in TN and are not allowed inside Karaikal. I may not get my usual yield of 20 quintals of cotton if we are not allowed to move,” said S Selvamuthukumarasamy, a farmer-representative from Thirunallar. A senior agriculture department told TNIE that the district administration would take a call on the issues when there is more requirement for access.”

Source: newindianexpress.com- Mar 31, 2020

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Customs permits en-bloc movement of boxes from Chennai port terminals to CFS/ICD during lockdown

Chennai Customs has allowed container terminals operating at Chennai Port Trust to shift direct port delivery, direct port delivery/container freight station (CFS) and public notice register (PNR) containers under en-bloc movement to CFS/ICDs (inland container depots) located nearby, in a bid to decongest the port in the wake of the lockdown.

The Customs has also set the transport and handling charges to be levied by CFS/ICD for DPD and PNR containers under en-bloc movement. The CFS/ICD have been directed not to charge more than ₹6,000 for 20-foot containers and ₹8,000 for 40-foot containers.

However, CFS/ICD may charge lower rates based on a contractual agreement with the importers or any other criteria, the Customs said.

“No additional charges shall be levied for handling the containers,” V. Pazhaniyandi, Joint Commissioner of Customs, wrote in a March 30 trade facility circular.

Such containers can be stored at the CFS/ICD free of charge during the lockdown period plus five working days, the Customs said.

Containers under the same import general manifest (IGM) of the same importer shall not be moved to different CFS/ICD.

“Due to the lockdown imposed by the government, it is noticed that many import containers could not be cleared from port terminals which led to congestion of the ports,” Pazhaniyandi wrote.

Chennai International Terminals Pvt Ltd, the facility run by Singapore’s PSA International Pte Ltd at Chennai Port Trust has moved more than 1,000 containers (14 full rakes) under en-bloc movement to Concor’s Tondiarpet ICD located about 7 km away since March 28 as stakeholders in the trade come together to find solutions to keep things moving.

“Moving boxes out en-bloc by rail like this is a very efficient way to ensure there is sufficient space within the terminal, particularly given the shortage of truckers to take boxes out,” a trade source said.

This was made possible due to the close coordination between Indian Railways, Concor, Chennai Port Trust, Customs and the terminals.

“The Tondiarpet location is more convenient for truckers to collect their containers while it frees up space at the terminal,” the source said.

Source: thehindubusinessline.com- Mar 30, 2020

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Lockdown: MSMEs seek relief from electricity supply company

The Mangaluru council of the Confederation of Indian Industry (CII) has sought relief for micro, small and medium enterprises (MSMEs) from the Mangalore Electricity Supply Company (Mescom) to mitigate the problems arising out of the coronavirus outbreak.

In a letter to Mescom MD, K Prakash Rao, Chairman of the Mangaluru council of CII, said that payment of electricity bill is one of the areas of concern for MSMEs at the time of the coronavirus outbreak.

He said that many MSMEs will find it difficult to pay March and April bills as the industry remains closed for most of this period on account of the lockdown announced by the Government. He requested Mescom to defer the payment of electric bills for March, April and May by three months each. The minimum charges for the locked-down period should be waived as the closure was beyond the control of the unit, he said.

Stating that Punjab Government has provided similar relief to MSMEs in that state, he said these two measures will certainly help the entrepreneurs to keep their units running in spite of the liquidity crisis.

Explaining the problems being faced by the MSME sector due to the coronavirus outbreak, he said all the markets have been disrupted, and payments have stopped coming in. Most of the domestic and export orders are getting cancelled.

The nation-wide lockdown has taken the sector by surprise, though it understands that this is a necessary step. The Indian economy is surely heading for a recession, he said, adding: "We are going to find ourselves in a very tight spot in the months ahead. We are now seeking various measures from the State and Central governments to help the sector in these days of crisis"

He said the MSME sector is glad that all are responding positively and helping it wherever they can.

Source: thehindubusinessline.com- Mar 30, 2020

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Now, dotting India's highways are abandoned trucks

Drivers flee back home fearing police action and infection; bringing the vehicles back may pose a problem for truckers

A major problem has emerged on highways across India, with thousands of drivers abandoning trucks loaded with cargo and heading home amid the lockdown.

On the one hand, the drivers fear harassment by the police for being on the road during the lockdown. On the other, their families were pressuring them to return home for fear of catching the infection. Compounding their problem is the lack of basic amenities such as food and water on the highways.

In the last few days there have been a number of instances of alleged harassment of truck drivers by police across the country. Some were beaten severely. This has forced many to abandon their vehicles on the highways, say truck owners.

While most States now allow goods vehicles across borders, the drivers are still worried about harassment, said P Sundarraj, Managing Director of Tiruchirapalli-based Subham Freight Carriers India Pvt Ltd. "Nearly 50 of my vehicles have been abandoned in places like Nippani (Karnataka) and Gurugram (Haryana)," he told BusinessLine. He quoted a fleet operator in Namakkal as saying nearly 50 of his drivers from Tamil Nadu wanted to abandon their vehicles in Assam and return home.

"We are sympathetic towards the drivers and have asked them to park the vehicles at a safe place," said Sundarraj.

"Most of our drivers are from Tamil Nadu and Andhra Pradesh. They want to leave the vehicles and flee by another truck to their hometowns. When the situation returns to normal, the challenge will be to mobilise drivers to bring back the vehicles," he added.

It is a similar situation for Bengaluru-based Bindya Cargo Pvt Ltd. "Nearly 40 trucks of ours have been abandoned at Nippani and Gurugram," said R Ravishankar, the company's Managing Director.

Safe havens

Bal Malkit Singh of Mumbai-based Bal Roadlines also said drivers are abandoning their vehicles and trying to reach safer hideouts with basic amenities before heading home to be with their families. Many are refusing to take the wheel, put off by the experience of the four-five days since the lockdown began. Nearly 30 have managed to go to their hometowns, he added.

“We have also voluntarily asked drivers to go to safe hideouts. Our first priority is safety. We are trying to educate them not to travel as this will spread the coronavirus and the purpose of lockdown will get defeated,” he said.

All India Motor Transport Congress President Kultaran Singh Atwal concurred that because of the total ban on movement of empty vehicles and those carrying non-essential goods, the majority of drivers have headed home. Being stranded on highways for days, bereft of food, water and safety, had left them panicking, he added..

This could lead to a paucity of drivers and vehicles for carrying essential goods, said Atwal. Immediate solutions have to be worked out to restore their confidence and provide an facilitating environment, at least for those who are carrying essential commodities, he added.

Source: thehindubusinessline.com- Mar 30, 2020

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Amazon resumes services in Bengaluru, Noida and other cities; delivery delays to continue

E-commerce major Amazon India has resumed services in some cities, including Bengaluru, Noida, Gurugram, Hyderabad, Kolkata, Ahmedabad and Mumbai, but deliveries would continue to be delayed because of movement restrictions and extensive lockdowns.

Amazon and other e-commerce companies have been facing delays in delivery of orders after the government ordered a 21-day lockdown last week to contain the spread of the deadly coronavirus.

While the government has allowed delivery of all essential goods including food, pharmaceuticals and medical equipment through e-commerce, many players have complained of their delivery staff being hassled by police.

Also, local authorities shut down warehouses and stopped trucks from crossing state borders that disrupted operations.

Players have been in dialogue with government officials and local authorities to ensure that these issues are ironed out.

“We are now resuming services to some cities. We will be serving existing orders for essential products first, and are accepting new orders for essential products only... We continue to resume services gradually, adding in more cities as we get the necessary clearances and passes from the local authorities,” an Amazon India spokesperson said.

The cities where services have resumed include Bengaluru, Mysore, Pune, Ludhiana, Noida, Gurugram, Raipur, Lucknow, Hyderabad, Kolkata, Ahmedabad and Mumbai.

The spokesperson said considering the prevailing extensive lockdowns and restrictions in movement, deliveries may be delayed.

“In addition, in order to adhere to social distancing and avoid card/cash exchange at the time of delivery, we have temporarily suspended Pay-on-Delivery service,” the spokesperson added.

While the company did not talk about the delays being seen, industry experts believe it would be at least 4-5 days before the backlog of orders can be cleared.

A Snapdeal spokesperson said the company has started intra-city deliveries of food and grocery items in Delhi, Noida and Gurugram.

“Assessment is on to start the same in other cities. We have also on-boarded grocers from within these cities to expand the availability of essentials for our buyers,” the spokesperson added.

E-commerce platforms have seen a manifold growth in orders on their platforms in India over the past few weeks as people logged online to stock food and household items as well as office items such as routers and cables

(for work from home) on concerns around spread of COVID-19 and restrictions in public movement that have now been enforced.

An industry executive, who did not wish to be named, said consumers will have to wait for about a week for their orders to get delivered.

While companies are working overtime to ensure orders get delivered, there are issues like trucks stuck at state borders and limited staff at warehouses that are adding to the delays, the person said.

Reports suggest that e-commerce companies could see a hit of about USD 1 billion as they are unable to sell non-essential items on their platforms.

Products like mobile phones, electronics and apparel account for a large chunk of sales for e-commerce marketplaces.

Source: [financialexpress.com](https://www.financialexpress.com)- Mar 30, 2020

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