



**AEPC Study:**

# **Impact of COVID on Indian Apparel Exports**

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# CONTENTS

Introduction .....	3
Overall impact of COVID-19 crisis on India in perspective of Global Apparel Value Chain .....	5
Uncertainty in Global Apparel Export Orders .....	5
Expected Impact on Global Apparel Consumption.....	6
Working Capital .....	6
Raw material .....	6
Pending of refunds.....	6
Labour .....	6
Cost Escalation .....	7
India's position vis-a-vis to Competitors may become adverse .....	7
AEPC Survey of Impact on Indian Apparel Exporters due to COVID-19 .....	7
Objective.....	7
Sample Size.....	7
Time Period.....	7
Research Methodology.....	8
Analysis of Primary survey responses.....	8
Expected Impact on Revenue Growth.....	8
Primary reasons for increase/decrease in revenue.....	10
Exports impacted by orders cancellation/postponement.....	11
Present status of inventory stock.....	12
Time period for which the organisations expects their inventory to last. ....	13
Producing any of the essential products as announced by the government, or is a supplier to a manufacturer of essential products & services.....	14
Present capacity being utilized by the organizations.....	15
By what percentage this has led to increase or decrease in the production capacity? .....	16
Impact on refunds.....	17
Challenges faced in day to day operations .....	18
Buyers and Order position .....	20

What is your current order position? .....	20
For orders cancelled, has your buyer taken responsibility /liability for material purchased? .....	21
Your Buyer is asking for discount on? .....	21
How much discount is your buyer demanding? .....	22
What is the position for payments to be received from your buyer? .....	23
Summary of Primary survey results .....	23
Conclusion and Recommendations .....	25
<b>AEPC RECOMMENDATIONS FOR APPAREL EXPORT INDUSTRY SPECIFIC RELIEF PACKAGE.....</b>	<b>26</b>
Easing of Commitment towards workers: .....	26
Steps to ease working capital constraints: .....	26
Easing out Reimbursement Schemes like ROSCTL: .....	27
MEIS scheme: .....	27
Improve Insurance Terms through ECGC:.....	27
ITC, IGST & Drawback refunds related .....	27
Demurrage Charges.....	28
Annexure 1 - Government announcements to provide Relief to the Industry .....	29
Annexure 2 - Economic Stimulus Package announced by various countries .....	32

## Introduction

Apparel sector is one of the highly impacted sectors in the wake of the COVID pandemic. With a long value chain, spread across continents, the sector has seen a multiplier effect of the interplay of the challenges of various stakeholders and countries.

Due to the pandemic countries are following measure of lockdown to limit the spread the virus which has resulted in closure of Apparel stores from the past several weeks making a dent on billions of dollars of business.

India which is an important part of the global Apparel chain is facing the brunt of this crisis. Apparel production has been on standstill since the lockdown in March 2020 and the uncertainties of order position, logistic challenges and worker availability among other things, has put a question mark on the future plans of restart of production.

As per McKinsey report "*The State of Fashion 2020*", Fashion companies particularly those relying on longer lead times and inflexible supply chains are uniquely vulnerable due to the category's discretionary nature. Indeed, fashion may face a harder time than discretionary goods overall: more than 70 percent of European and US consumers expect to cut back spending on Apparel compared to a 40 to 50 percent drop in global discretionary spending. It also says in Europe and the US, more than 65 percent of consumers expect to decrease their spending on Apparel, while only 40 percent expect to decrease total household spending. A two- to three-month lockdown will cause financial distress for 80 percent of European and North American fashion businesses, Europe and USA are primarily the major markets of India.

AEPC as a nodal body of Apparel exporters of India is monitoring the situation closely and working on all fronts to identify issues and take them up with the relevant stakeholders – be it the policy makers for COVID specific relaxations, or buyers or service providers. The Council has also been conducting studies from time to time, on the relevant parameters that have impacted, and will impact the future course of the industry.

In this report we have also captured the Government announcements to provide the relief to the industry (Annexure 1) as also, various relief measures announced by the Government of competing countries (Annexure 2).

AEPC has done this study to understand the impact of COVID-19 on Indian Apparel industry. ***Our study is based on:***

1. ***Secondary survey on overall impact of COVID-19 crisis on India in perspective of Global Apparel Value Chain.***
2. ***Primary survey on Impact on Revenue, Inventory, Wages and Government schemes.***
3. ***Primary survey on Buyers and Order Position***

## **Overall impact of COVID-19 crisis on India in perspective of Global Apparel Value Chain**

Apparel trade which is deeply integrated with the global value chain has been disastrously impacted by the disruption in both Imports and Exports. India's Top 10 markets like US, UAE, UK, Germany, Spain, France, Netherlands, Italy, Saudi Arabia, Canada, which contributes around 75% of our market are among the severely hit regions.

There has been severe impact on order position of exporters, Global Apparel consumption, Working capital, Raw material & Pending refunds.

It may be noted that the study done during the first half of April 2020. However, give the dynamic situation in India and globally, several of the survey observations have undergone qualitative changes, subsequently. We have attempted to capture the changes that have been observed subsequently, in the overall assessment and conclusion.

Listed below are the broad areas which have been impacted by the COVID crisis:

### **Uncertainty in Global Apparel Export Orders**

- i. Overseas buyers and buying houses were either cancelling or postponing confirmed export orders indefinitely till 3rd week of April, 2020. However, the situation seems to have improved to large extent after the appeal of Hon'ble Minister of Textiles requesting Buyers/Brands to do "Commerce with Compassion".
- ii. Buyers are holding back or indefinitely deferring the payment for goods already shipped/ready-to-ship and asking for discounts.
- iii. Buyers are not making payments for goods where delivery has already taken place and existing shipments are on hold either on ships or are lying in the warehouses/factories/ports.
- iv. There will be a steep decline in the revenue in the coming times
- v. No new orders are being placed by the buyers

## **Expected Impact on Global Apparel Consumption**

Apparel purchasing will be impacted due to:

- i. Apparel being the discretionary products
- ii. Uncertain Economic Scenario
- iii. Reduction in occasions to consume Apparel products due to lockdown in major parts of world (schools are closed, work from home culture, restaurants& gym are shut, travel is banned)
- iv. Stores are closed and online deliveries are very limited and expensive
- v. Expected reduction in purchasing power of the consumers

## **Working Capital**

The cancellations, deferments and postponement of shipments have resulted in packing credits being eroded, and impacted the fund-liquidity position of the exporters.

## **Raw material**

- i. Indigenous and imported supplies of fabrics, trims, accessories, etc have been disrupted due to lockdown.
- ii. Duty free import of inputs have been hampered in Lockdown 1.0.

## **Pending of refunds**

Pendency of ROSCTL, ROSL, IGST & ITC refunds have slowed down in Lockdown 1.0. With effect from Lockdown 2.0 there is noticeable improvement in clearing pendency's

## **Labour**

The industry is heavily dependent on migrant workers. Industry is apprehensive of labour availability once normalcy resumes, as workers who have gone back to their villages may take time to come back.

## **Cost Escalation**

Cost has been escalated due demurrages charges, penalty on forward covers, electricity bill for non-operating factory, wages to be paid without work and other recurring costs

## **India's position vis-a-vis to Competitors may become adverse**

- i. The lockdown in Bangladesh was announced late as compared to India, enabling them to service more orders
- ii. China has opened up its factories for production and is thus in a better position to take fall winter orders.
- iii. Financial stimulus package to competitors with many giving direct cash transfers or soft loans for wage payouts to workers in garment units.

## **AEPC Survey of Impact on Indian Apparel Exporters due to COVID-19**

### **Objective**

AEPC has conducted a primary survey on Impact of COVID-19 on Indian Apparel Exports. The survey was aimed to understand the major challenges being faced by the Apparel industry due to this unprecedented crisis and the measures needed to mitigate these challenges.

### **Sample Size**

The survey was conducted among the members of AEPC and the analysis of initial 105 responses had been done.

### **Time Period**

The Time period of the study is Mid-March to Mid-April, 2020



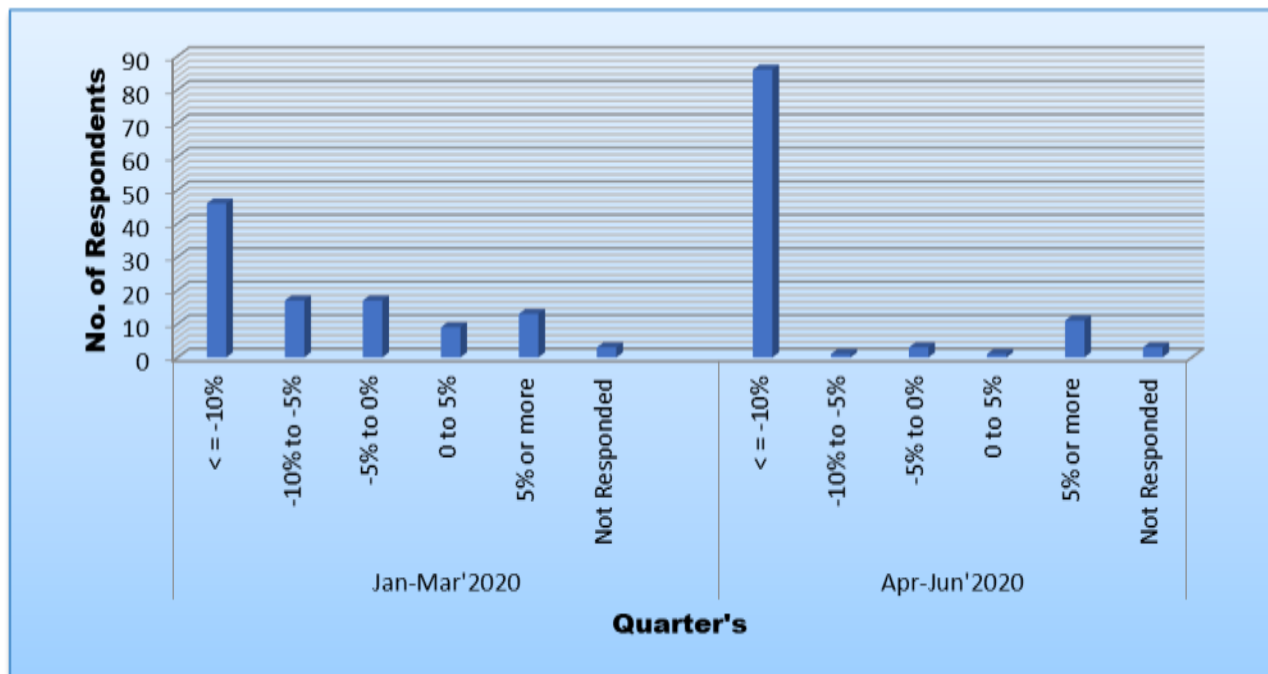
## Research Methodology

- i. Primary Survey – We have sent the questionnaire to Apparel manufacturers and exporters and then have done analysis of the responses
- ii. Secondary Survey – We have gone through various reports published on impact of COVID-19 and done the exhaustive literature review

## Analysis of Primary survey responses

To understand the complete picture of the impact, we have asked the respondents about impact on their Revenue growth, Primary reasons for increase/decrease in revenue, Present status of inventory stock, Present capacity being utilized by the organizations, Impact on refund like Drawback, ROSCTL & GST.

## Expected Impact on Revenue Growth



Source: AEPC Survey, 2020

Exhibit 1

As per Exhibit 1:

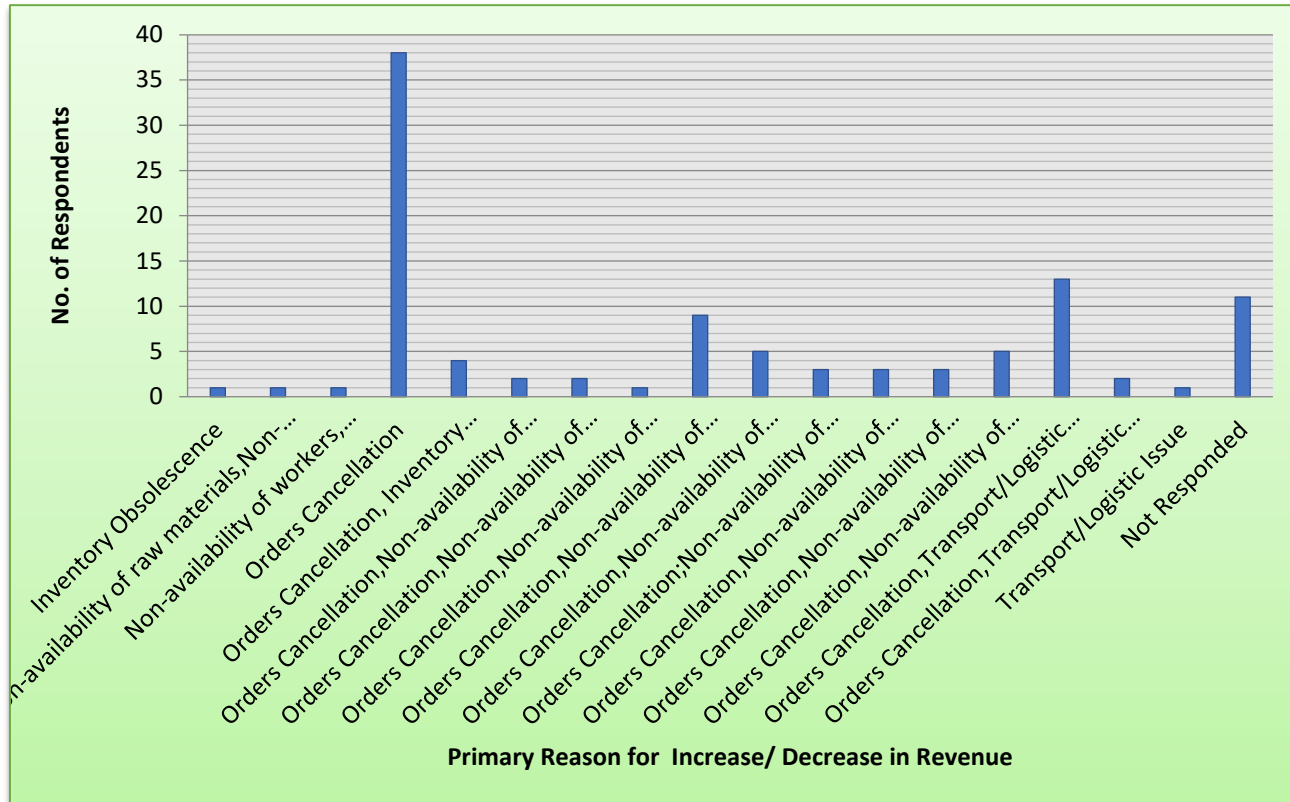
### **Jan.-March, 2020 – Impact on Revenue Growth**

- i. 43.8% of the respondents have indicated that the expected revenue growth for the quarter Jan-Mar., 2020 will be less than or equal to (-)10% (declined by 10%).
- ii. 16.2% of the respondents have indicated that expected revenue growth for the quarter Jan-Mar., 2020 will be between -10% to -5%
- iii. 16.2% of the respondents have indicated that expected revenue growth for the quarter Jan-Mar., 2020 will be between -5 to 0%.
- iv. 8.6% of the respondents have indicated that expected revenue growth for the quarter Jan-Mar'2020 will be between 0 to 5%.
- v. 12.4% have indicated that expected revenue growth for the quarter Jan-Mar., 2020 will be 5% or more.

### **Apr-June, 2020 – Impact on Revenue Growth**

- i. 81.9% of the respondents have indicated that the expected revenue growth for the quarter Apr-Jun., 2020 will be less than or equal to -10% (declined by 10%).
- ii. 1% of the respondents have indicated that the expected revenue growth for the quarter Apr-Jun., 2020 will be between -10% to -5% .
- iii. 2.9% of the respondents have indicated that the expected revenue growth for the quarter Apr-Jun., 2020 will be between-5% to 0%.
- iv. 1% of the respondents have indicated that the expected revenue growth for the quarter Apr-Jun., 2020 will be between 0 to 5%.
- v. 10.5% of the respondents have indicated that the expected revenue growth for the quarter Apr-Jun., 2020 will be 5% or more.

## Primary reasons for increase/decrease in revenue



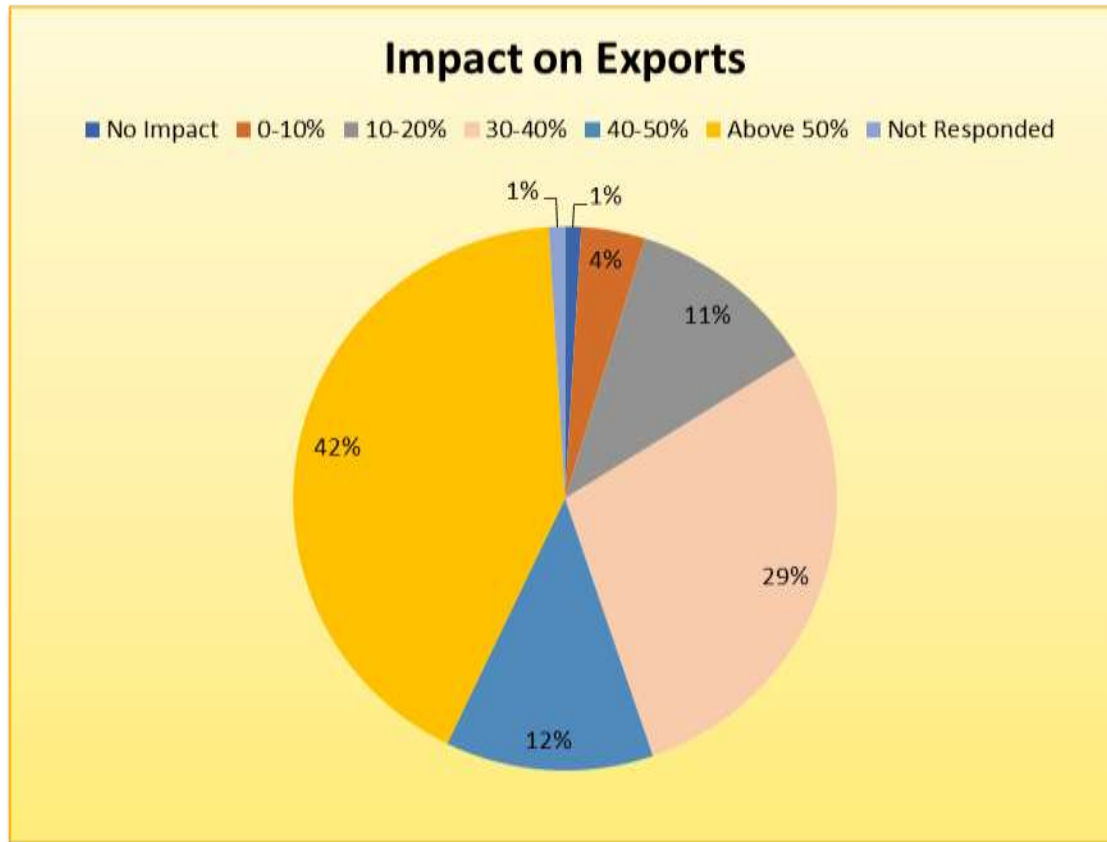
Source: AEPC Survey, 2020

### Exhibit 2

As per Exhibit 2:

- i. 36.2% of the respondents have indicated that the primary reason for decrease in their revenue will be orders cancellation.
- ii. 12.4% of the respondents have indicated that the primary reason to be orders cancellation and Transport/Logistic Issue.
- iii. 8.6% of the respondents indicated that feel that their revenue will be impacted by all of four reasons that is Orders Cancellation, Non-availability of raw materials, Non-availability of workers, Transport/logistic Issue and Inventory Obsolescence.

## Exports impacted by orders cancellation/postponement



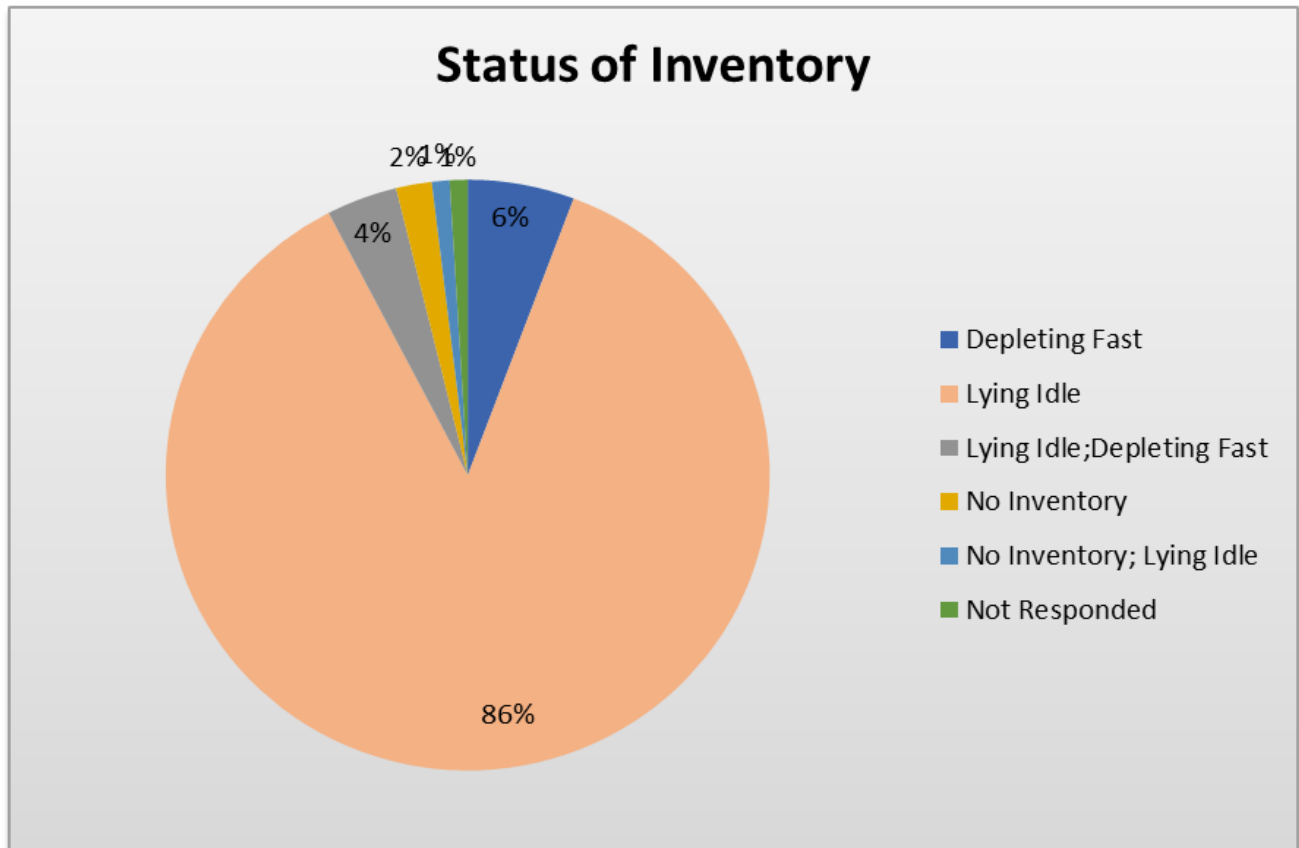
Source: AEPC Survey, 2020

### Exhibit 3

As per Exhibit 3:

- i. 42% of the respondents have indicated that the exports will be impacted by more than 50%.
- ii. 12% of the respondents have indicated that the exports will be impacted between 40-50%.
- iii. 29% of the respondents have indicated that the exports will be impacted between 30-40%;
- iv. 11% have indicated that the exports will be impacted between 10-20%
- v. 4% have indicated that the exports will be impacted between 0-10%

## Present status of inventory stock



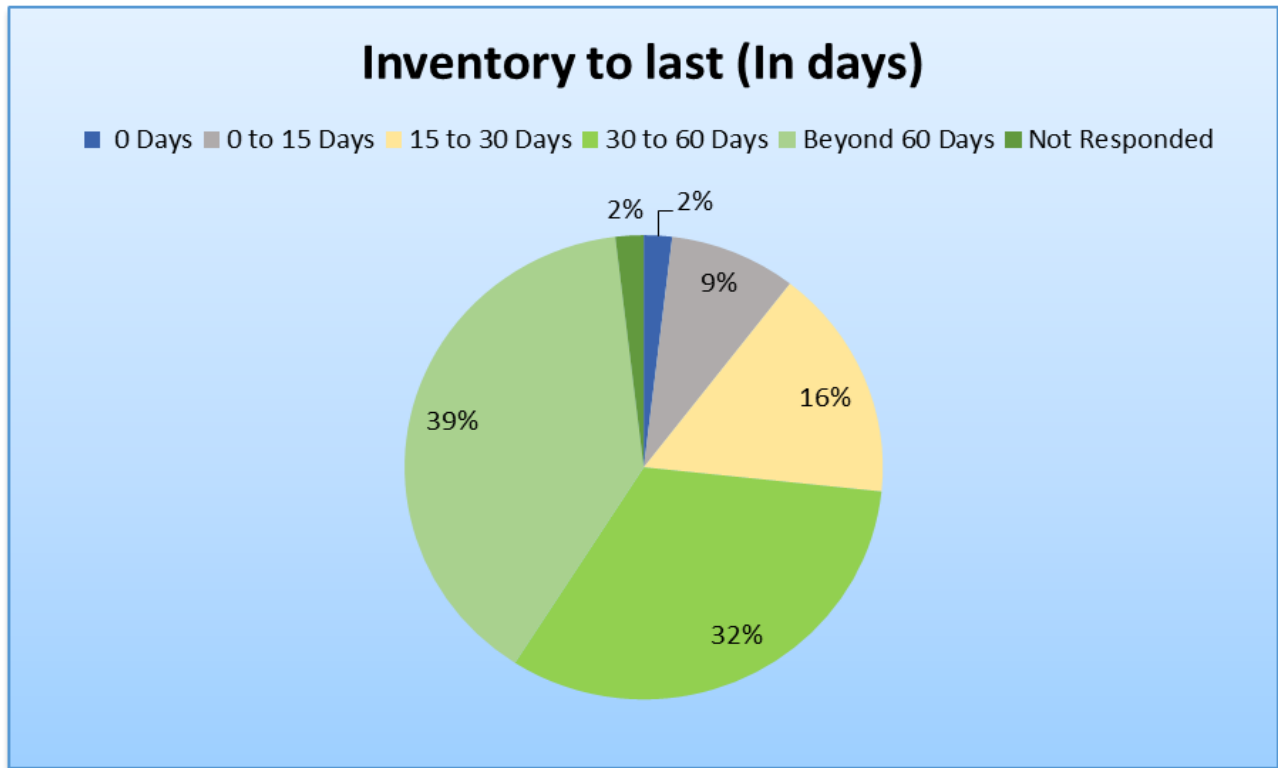
Source: AEPC Survey, 2020

### Exhibit 4

As per Exhibit 4:

- i. 86% of the respondents have indicated that their inventory stock is lying idle.
- ii. 6% of the respondents have indicated their inventory is depleting fast.
- iii. 4% have indicated that their inventory is lying idle and depleting fast.
- iv. 2% have indicated that there is no inventory lying with them.

Time period for which the organisations expects their inventory to last.



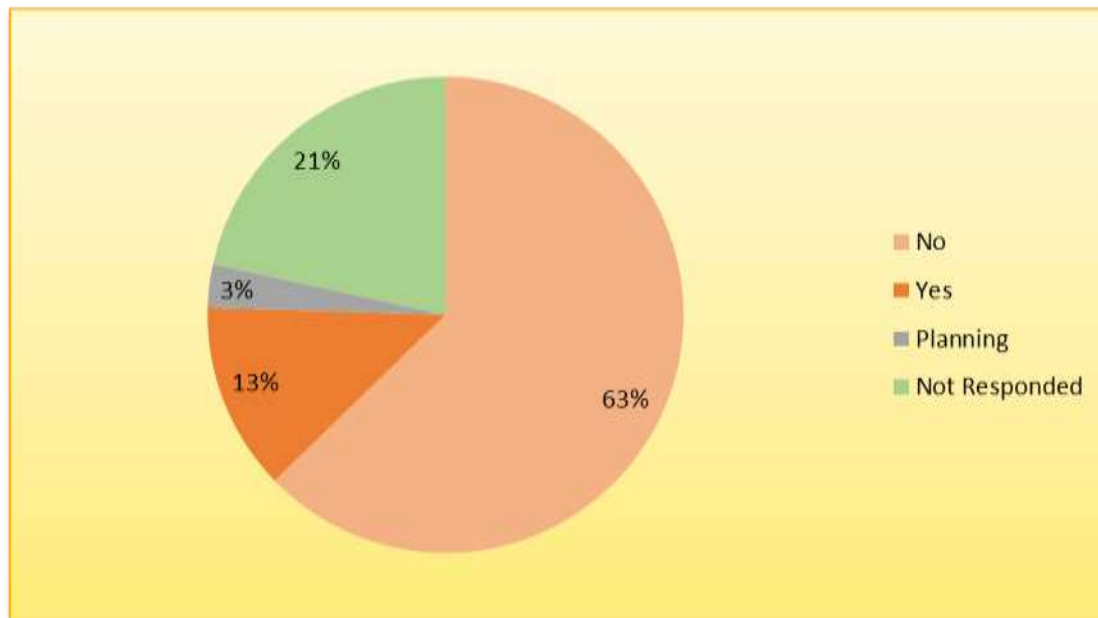
Source: AEPC Survey, 2020

Exhibit 5

As per Exhibit 5:

- i. 40% of the respondents have indicated that their present inventory stock may last beyond 60 days.
- ii. 32% have indicated that it may last from 30 to 60 days.
- iii. 16% have indicated that it may last from 15-30 days.
- iv. 9% have indicated that it may last from 0 to 15 days.

**Producing any of the essential products as announced by the government, or is a supplier to a manufacturer of essential products & services**



Source: AEPC Survey, 2020

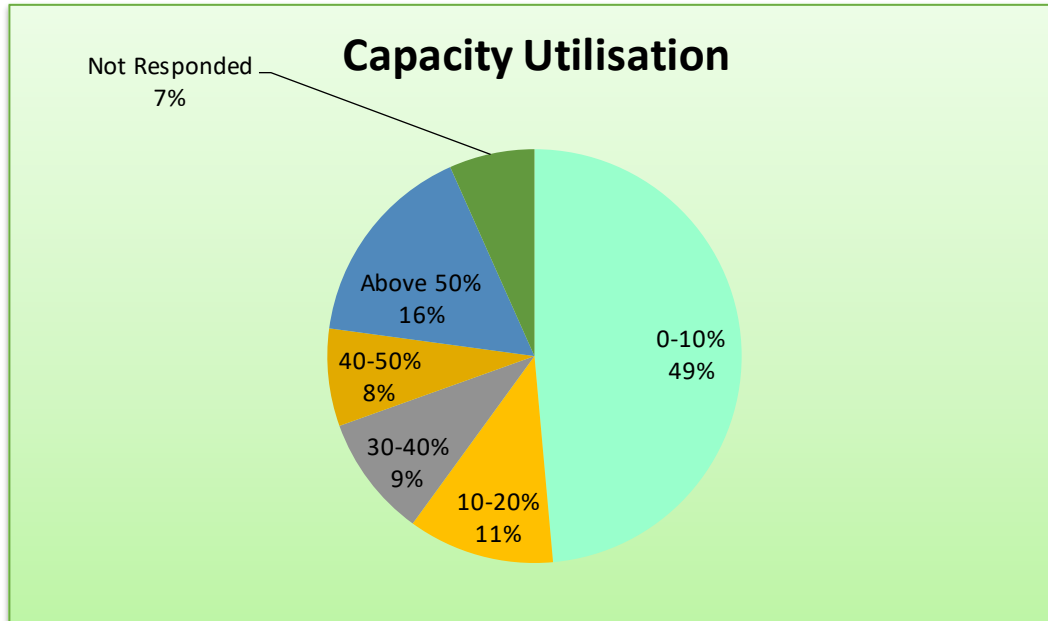
**Exhibit 6**

The Exhibit 6 shows that 66% of the respondents are not in the manufacturing of essential products, whereas 13% of the respondents have indicated that they are producing essential products. However, 3% of the respondents have wished to manufacture PPEs.

Those who are producing essentials items like coveralls, facemask, shoe covers, goggles, face shield/helmets or complete PPE kits have indicated that they are facing constraints like access to manpower, access to raw material and movement of products.

Council is also conducting the study on overall situation of PPE kits manufacturing in India. The report will be published soon.

## Present capacity being utilized by the organizations



Source: AEPC Survey, 2020

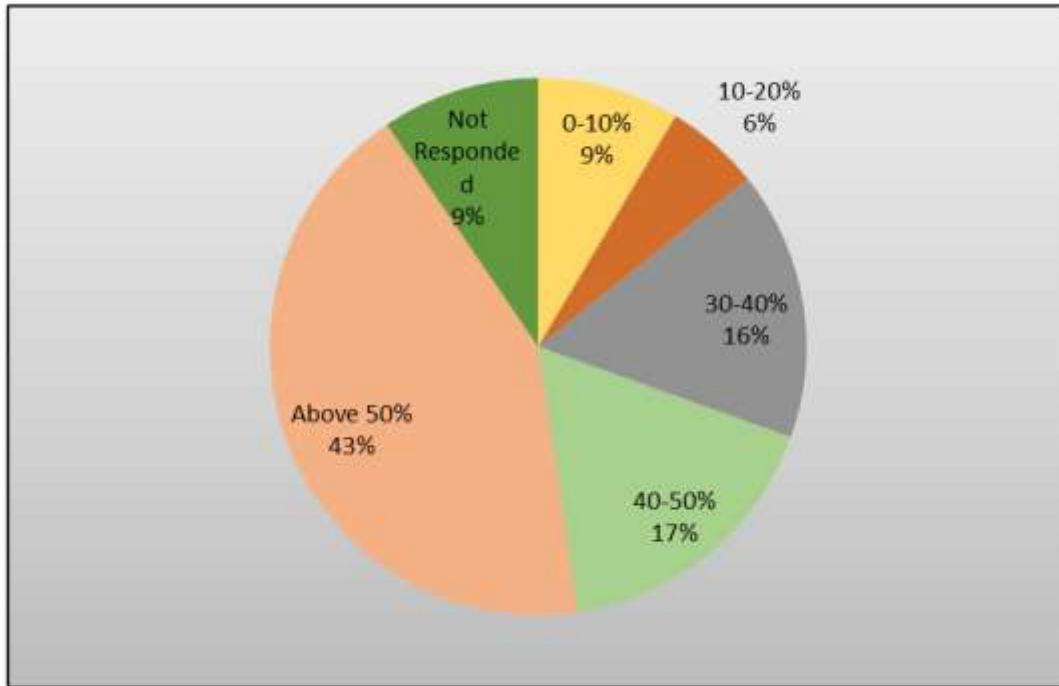
### Exhibit 7

As per Exhibit 7:

- i. 49% of the respondents have indicated that their present capacity utilization is between 0-10%.
- ii. 11% have indicated that their present capacity utilization is between 10-20%.
- iii. 9% have indicated their present capacity utilization is between 30-40%.
- iv. 8% have indicated that their present capacity utilization is between 40-50% and
- v. 16% have indicated that present capacity utilization is above 50%.



**By what percentage this has led to increase or decrease in the production capacity?**



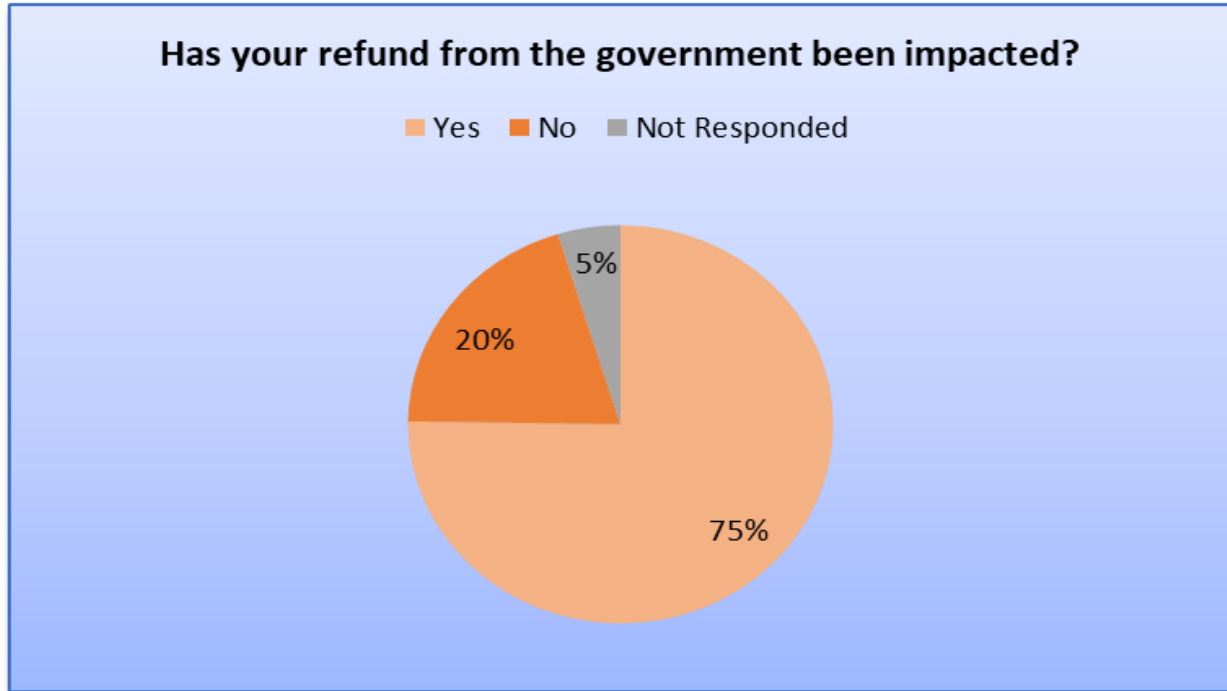
**Source: AEPC Survey, 2020**

**Exhibit 8**

As per Exhibit 8:

- i. 9% of the respondents have indicated that their production capacity has decreased between 0-10%.
- ii. 6% of the respondents have indicated that their production capacity has decreased between 10-20%
- iii. 16% of the respondents have indicated that their production capacity has decreased between 30-40%,
- iv. 17% of the respondents have indicated that their production capacity has decreased between 40-50%
- v. 43% of the respondents have indicated that their production capacity has decreased above 50%.

## Impact on refunds



Source: AEPC Survey, 2020

### Exhibit 9

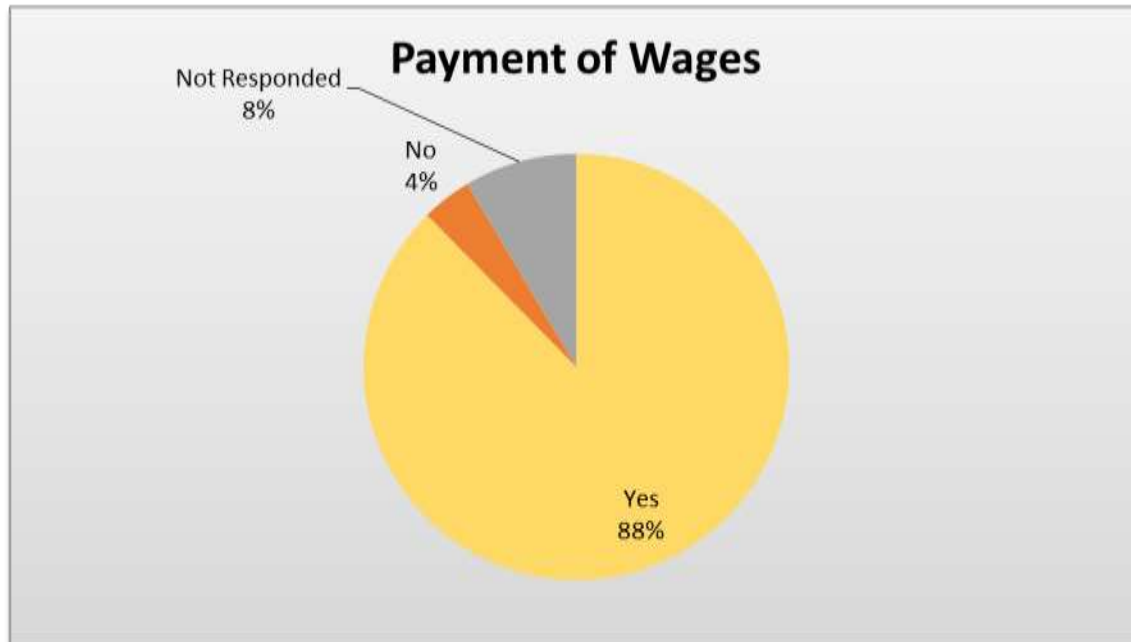
The Exhibit 9 shows that 75% of the respondents have indicated that their refund from the government has been impacted whereas 20% of the respondents indicated that the refund is not being impacted.

Scheme in which the refund is being impacted:

- i. 33% of the respondents have indicated that their refund from the government have been impacted in all of the four schemes GST, RoSCTL and Drawback
- ii. 12.8% of the respondents have impacted that their refund has been impacted in GST and Drawback
- iii. 11.6% of the respondents have impacted that their refund has been impacted in GST.

## Challenges faced in day to day operations

### Payment of Wages

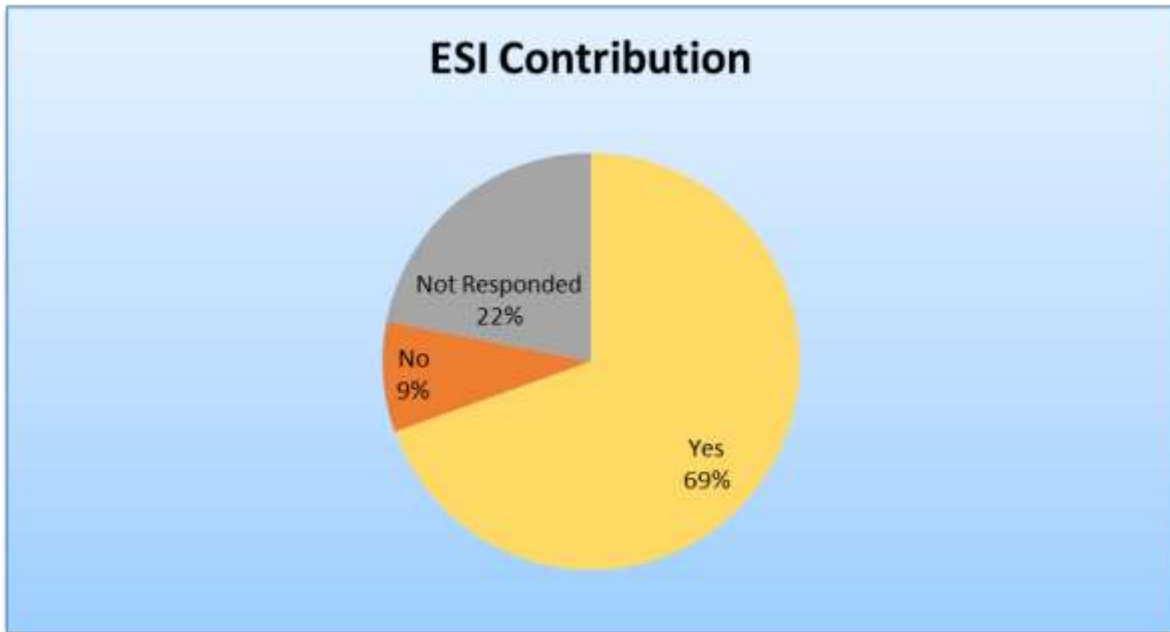


Source: AEPC Study, 2020

**Exhibit 10**

As per Exhibit 9:

- i. 88% of the respondents are facing challenges in payment of wages
- ii. 4% of the respondents are not facing any challenges in payment of wages



Source: AEPC Survey, 2020

#### Exhibit 11

As per Exhibit 11:

- i. The above figure shows that 69% of the respondents are facing challenges in paying ESI contribution
- ii. 9% of the respondents are not facing any challenges in paying ESI contribution.

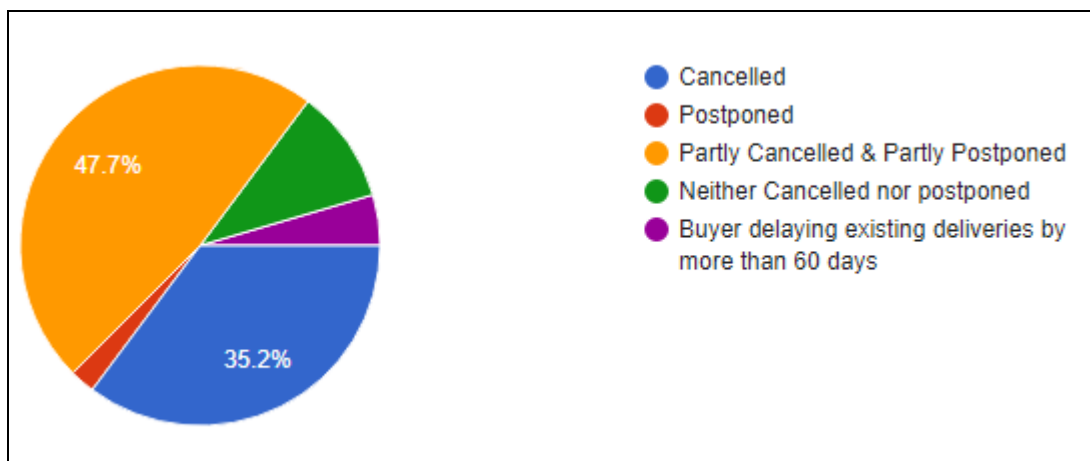
Announcement regarding ESI and EPFO:

- i. The ESIC contribution for the month of February, can be filed and paid upto 15th May, 2020 instead of earlier extended period of 15th April, 2020
- ii. EPFO announcement - Date of Filing Electronic Challan Cum Return (ECR) for Wage Month March, 2020 Extended Up to 15.05.2020 from 15.04.2020

## Buyers and Order position

We have also conducted a survey on Buyers and Order position of the exporters to understand the overall business scenario of the exporters. We have received 88 responses from exporters. The result is based on an array of parameters like current order position, whether buyers have taken responsibility /liability for material purchased, discounts demanding by the buyers and the status of payments.

### What is your current order position?



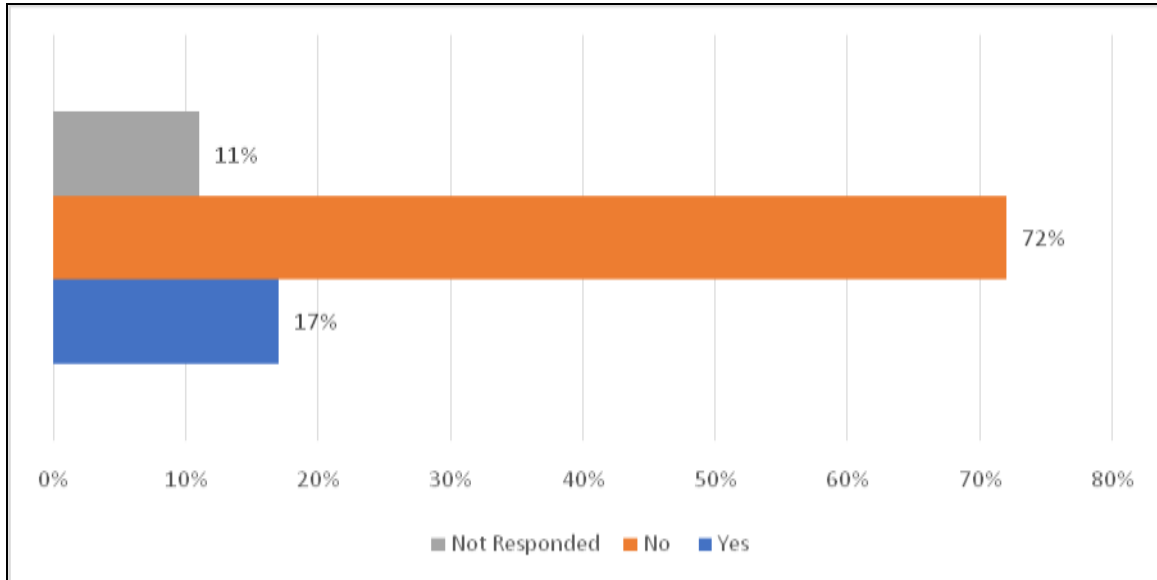
Source: AEPC Survey, 2020

### Exhibit 12

As per Exhibit 12:

- i. 35% respondents have indicated that their orders are cancelled
- ii. 48% respondents have indicated that their orders are Partly Cancelled & Partly Postponed

**For orders cancelled, has your buyer taken responsibility /liability for material purchased?**

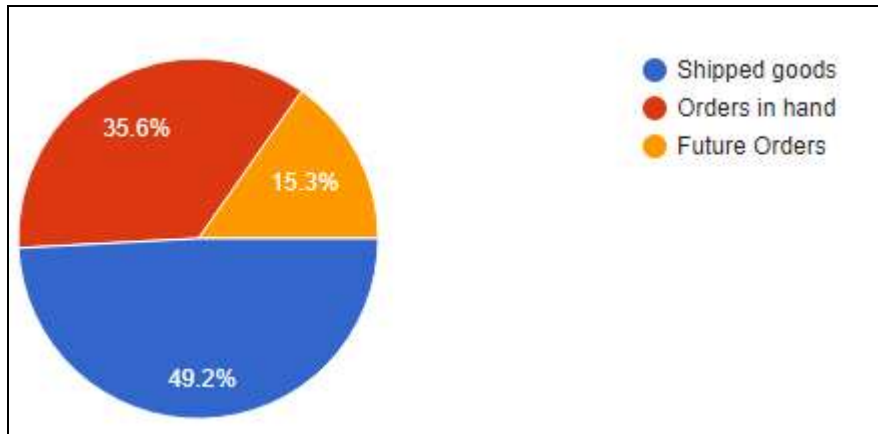


Source: AEPC Survey, 2020

**Exhibit 13**

As per Exhibit 13, 72% of the respondent has indicated that their buyer has not taken responsibility /liability for material purchased

**Your Buyer is asking for discount on?**



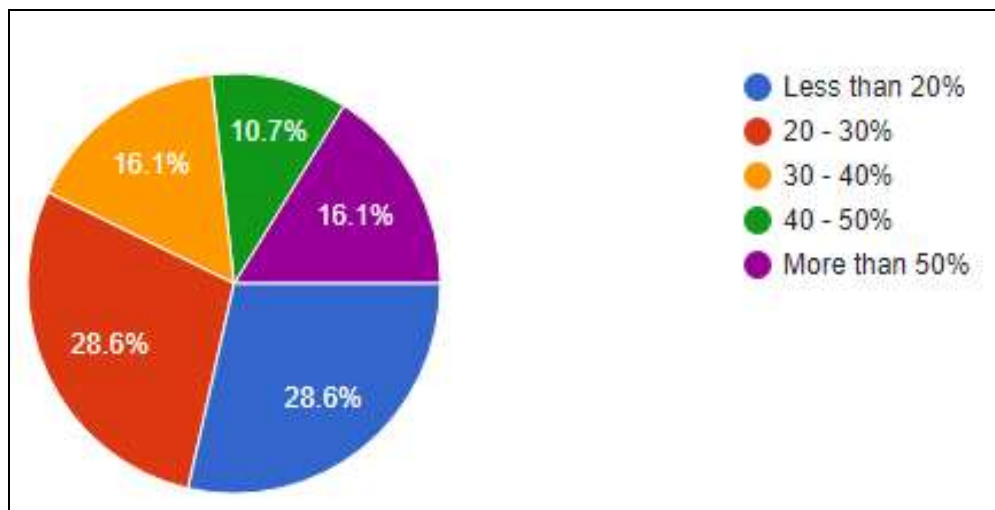
Source: AEPC Survey, 2020

**Exhibit - 14**

As per Exhibit 14:

- i. 49% respondents have indicated that their buyers are asking discount on shipped goods
- ii. 36% respondents have indicated that their buyers are asking discount on orders in hand
- iii. 15% respondents have indicated that their buyers are asking discount on future orders

**How much discount is your buyer demanding?**



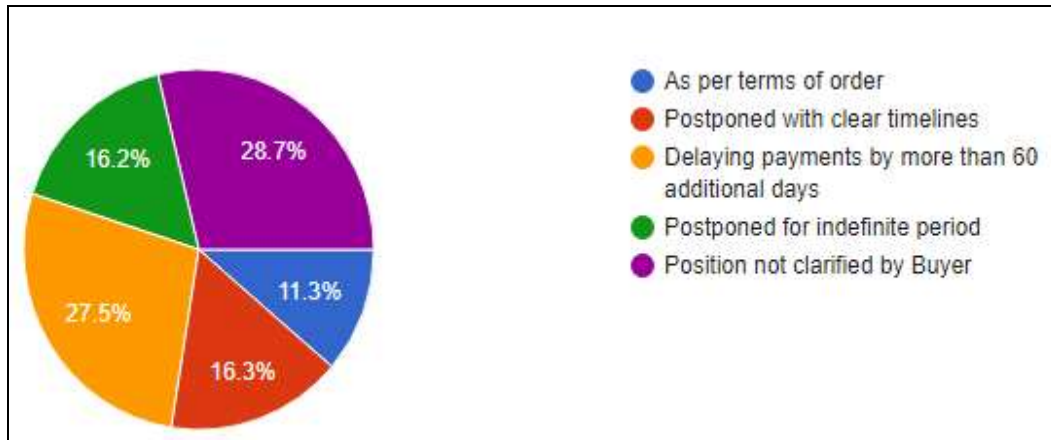
Source: AEPC Survey, 2020

**Exhibit 15**

As per Exhibit 15:

- i. 28% respondents have indicated that their buyers are demanding discount by less than 20%
- ii. 28% respondents have indicated that their buyers are demanding discount between 20-30%
- iii. 16% respondents have indicated that their buyers are demanding discount between 30% - 40%
- iv. 16% respondents have indicated that their buyers are demanding discount by more than 50%
- v. 11% respondents have indicated that their buyers are demanding discount between 40-50%

## What is the position for payments to be received from your buyer?



Source: AEPC Survey, 2020

### Exhibit 16

As per Exhibit 16:

- i. 11% respondents have indicated that their payments are as per terms of order
- ii. 16% respondents have indicated that their payments are postponed with clear timelines
- iii. 27% respondents have indicated that their payments are delaying by more than 60 Days
- iv. 16% respondents have indicated that their payments are postponed for indefinite period
- v. 29% respondents have indicated that their payments position not clarified by Buyer

### Summary of Primary survey results

- i. While majority of the respondents felt that for the First quarter of Jan – March 2020 revenues will see less than 10% growth, the expectations reduce steeply for the next quarter of April – June 2020, indicating the increasing uncertainties.
- ii. The single largest reason for revenue decline has been attributed to order cancellations, while the next big reason identified was Transport/Logistic Issue. Non-availability of raw materials, Non-availability of workers, and Inventory Obsolescence were the other concerns.
- iii. Nearly half the respondents felt that exports will be impacted by more than 50%.
- iv. With regard to inventory, 86% of the respondents have indicated that their inventory stock is lying idle. 40% of the respondents have indicated that their present inventory stock may last beyond 60 days. This is an important indicator of the preparedness of the units if new



orders come. An important element will be obsolescence of the existing inventory and easy access to the inventories not available at the moment

- v. Besides logistic and labour issues impacting capacity utilization, the working capital crunch is a major constraint. 33% of the respondents have indicated that their refund from the government have been impacted for all the major schemes like GST, RoSL, RoSCTL and Drawback
- vi. However, the biggest concern is payment of wages. 88% of the respondents are facing challenges in payment of wages
- vii. While order cancellation has been the biggest reason for decline in this sector, 72% of the respondents have informed that buyers have not taken responsibility for the material purchased.
- viii. With regard to adverse purchasing practices, it has been gathered that 49% of the respondents have received requests for discounts on goods already shipped. Majority of the respondents have reported discounts been asked from them to the tune of 30% to 40% or more. In addition, 27% have reported payments have been delayed by 60 additional days or more.
- ix. With the growing demand for PPE – coveralls, gowns masks, etc, the Council wanted to assess the capacities for the same – present and future. As per the survey results, 66% of the respondents are not in the manufacturing of essential products PPEs, whereas 13 % of the respondents have indicated that they are producing essential products. However, 3% of the respondents have wished to manufacture PPEs. These figures are also indicative of the ease of getting into PPE production and with Govt focus on this, the numbers are expected to rise.
- x. At present most of the units engaged in PPE manufacturing are being able to utilize less than 15% of their capacities, due to the lockdown.

## Conclusion and Recommendations

- i. With regard to the perceived decline in revenue in the present quarter and next quarter, due to order cancellations as also perceived problems in restarting units due to logistic and labour issues, there is an immediate need to facilitate restart of units with easing of movement of workers, liberalising labour laws and facilitating road transport and cargo clearances at ports. The Council has requested various state authorities for the same.
- ii. An important development of the present situation for the Indian Apparel industry has been the unprecedented response of the industry the call for production and supply of Personal Protective Equipments. Based on quick surveys, it is estimated that more than 20% of the units are in different stages of PPE manufacturing and the future of this segment will be determined by how much of policy facilitation this sector gets in the coming months. The Council will be doing a survey on the capacities being created in this segment.
- iii. Relative competitiveness is the key to the growth of this sector in any country. In this regard the Indian Apparel sector should have similar access to financial and economic support as some of the competitors are getting. The comparative statement at Annex II shows many countries have offered specific packages to address the concerns of revenue erosion and worker wage payments – the two major concerns of the industry. The Council has requested for the same and looks forward to a Apparel Package to bring revive the sector.
- iv. A related issue is the facilitation for restart of units. Various state governments have issued different guidelines for opening of units and worker movements. Given the interconnectivities in the value chain and the need for homogeneity in the activities in various states and clusters, the Council has requested for permission for opening up of units and allowing easy movement of workers in all the states where Apparel production is concentrated.
- v. Access to working capital and soft loans to cover the operational expenses incurred during lockdown, waiver of expenses due to lockdown like cancellation of forward covers, demurrage charges, etc should also be considered.
- vi. An important concern of the industry was the uncertainty in future orders and revenues due to order cancellations and discounting of order values by buyers. However, there has been a significant change in the situation after the appeal by Honb'le Minister of Textiles

as also personal requests by Chairman AEPC to the major buyers and brands. However, the situation clearly demonstrates the need for a crisis management fund, in the long term, for addressing such instabilities. With global value chain of the scale that is there in the Apparel sector, the present situation has highlighted the volatilities and disruptions that the sector may throw up, which may be beyond the control of individual stakeholders, Collective thinking and action would be the requirement for bringing stability and much needed predictability in the eco system. Such a platform is needed as the sector is responsible for a large number of workforce, in all the Apparel producing countries. Ensuring sustainability in providing a safe and healthy livelihood to a vast section of vulnerable and marginal population, in developing and underdeveloped countries, which are dependent on this sector, is critical.

## **AEPC RECOMMENDATIONS FOR APPAREL EXPORT INDUSTRY SPECIFIC RELIEF PACKAGE**

### **Easing of Commitment towards workers:**

- i. Wages of our workers may be made out of the ESI funds which we are paying regularly over the years

We wish to draw your kind attention to the Atal BimitVyakthi Kalyan Yojana (ABVKY) Scheme of the Government, which has, as understood, huge reserves of about Rs.91,000 crores, as contributed by employees and employers. The same may kindly be utilized along-with reserve funds for payment of wages.

- ii. Government may kindly contribute towards Salaries of employees for six weeks, or till normalcy resumes
- iii. Government may kindly pay for the employer's portion of EPF for the months of March/April/May/June, 2020 irrespective of number of workers employed.
- iv. Government may waive both the employers and employees ESI contributions of for the months of March, April, May and June 2020

### **Steps to ease working capital constraints:**

- i. Packing credit to be extended for 6 months without any penal interest.
- ii. Increase in working capital limits by minimum 25% without any additional collateral
- iii. Forward contract also to be extended by six months without any penalty

- iv. Penalty imposed on forward covers, imposed by certain banks may be waived off
- v. Increase in working capital limits by minimum 25% without any collaterals
- vi. Interest Equalization Scheme may be enhanced by Government from 3% to 5% for all Apparel exporters.

#### **Easing out Reimbursement Schemes like ROSCTL:**

The ROSCTL which has been extended, may be given as “Direct Cash Transfer”, as in the case of erstwhile ROSL and drawback. This will reduce the time and transaction cost of availing the scheme

#### **MEIS scheme:**

MEIS scheme may be reintroduced w.e.f. 7th March, 2019 for Apparel exporters and the scheme should be continued beyond 31st March, 2020

#### **Improve Insurance Terms through ECGC:**

- i. ECGC may give the payment of shipped goods for which buyers are not paying
- ii. ECGC may devise the mechanism of payment of shipped goods for which payment is not received
- iii. Exporters will later deposit the money back to ECGC once the buyers make the payment.
- iv. Immediate implementation of NIRVIK Scheme and expand coverage to pre-shipment rules.
- v. Expand the terms of ECGC to include “force majeure” situation as prevailing

#### **ITC, IGST & Drawback refunds related**

- i. To defer the payment of GST dues for a period of three months without penalty
- ii. To ensure early release of pending ITC & IGST refunds
- iii. To ensure early release of pending Drawback

## Demurrage Charges

- i. The benefit of demurrage charges waiver may kindly be extended till the Lock Down continues
- ii. There are lot of Export Shipments, which are lying at various Airports which could not fly out of India since Govt. of India has stopped all International flights. On such Export shipments huge demurrage has incurred and the Airlines are not ready to pay the demurrage charges to the terminal operator. Therefore, Demurrage waiver should be allowed to all Exports shipments as well

\*\*\*\*\*

## **Annexure 1 - Government announcements to provide Relief to the Industry**

### **Ministry of Textiles**

1. ROSCTL scheme for Apparel and made ups has now been extended beyond 31st March, 2020
2. Easing out the norms under Amended Technology Upgradation Fund Scheme (ATUFS)
  - Entities can exercise an option for getting the JIT recommended subsidy released prior to scrutiny of the JIT reports by respective authorities as per delegated powers, subject to submission of Bank Guarantee equivalent to recommended subsidy.
  - Bank Guarantee should be equivalent to the amount of subsidy recommended by the JIT in its report. The Bank Gurantee should be valid for one year (to be submitted within a month of its issue by bank) and extendable further, if required. Subsequently, the Bank Guarantee will be forfeited to the extent of excess payment made along with penal interest as applicable under the rules, in case the eligible subsidy amount approved for release after scrutiny of JIT report by respective authority works out to be lower than the amount recommended by the JIT.
  - All accounts extending beyond 31<sup>st</sup>March 2021 (i.e., accounts for which subsidy claims have been filed by the banks along with necessary documents/information and where JIT has submitted the report with recommendation and are confirmed by the Regional Offices of the Textile Commissioner for release of pending Interest reimbursement/Capital Subsidy as per the committed liability but awaits scrutiny at relevant financial approving authority), may exercise their willingness in the window provided in iTUFS portal that they would like to submit Bank Guarantee (BG) to get their subsidy through bank/lending agency by 25<sup>th</sup>April 2020 (6 PM)
3. Allocation of an amount of Rs.464.13 crore for issuance of duty credit scrips in respect of pending claims under the ROSL Scheme

### **Reserve Bank of India**

1. Moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020
2. Easing of Working Capital Financing
3. Time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export

4. Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets
5. Exemption for the exporters from enforcement of the provisions of automatic caution listing, for a further period of six months till 30 September, 2020

#### **DGFT (Ministry of Commerce)**

- 1 To provide continuity in the policy regime, the current FTP, valid till 31.03.2020 has been extended
- 2 Validity period for making imports under various duty-free import authorizations (AA/DFIA/EPCG) expiring between 01.02.2020 and 31.07.2020, has been allowed automatic extension for another six months from the date of expiry, without requirement of obtaining such endorsement on these authorizations
- 3 Wherever the period to make export is expiring between 01.02.2020 and 31.07.2020 under various authorizations, automatic extension in the export obligation period is allowed for another six months from the date of expiry, without payment of any composition fee
- 4 Insertion of provision in the EPF scheme, 1952 to provide advance to the EPF members in the situation emerging due to COVID-19 pandemic.
- 5 Retrospective Issuance of Certificates of Origin under India's of trading Agreements
- 6 Extension of validity of Registration cum Membership Certificate (RCMC) beyond 31st March, 2020
- 7 Acceptance of scanned copies of pre-registration application and other documents by Local Users for registration under the European Union's Generalised System of Preferences (EU GSP)

#### **Customs (Department of Revenue)**

- 1 CBIC Measure to facilitate trade during the lockdown period
- 2 Exemption of customs duty on ventilators, personal protection equipment, covid-19 testing kits and inputs for these goods
- 3 Exemption from payment of IGST and Compensation Cess on the imports made under Advance/EPCG Authorisations and by EOUs etc. has been extended up to 31.03.2021

### **ESCI & EOFO (Labour)**

- 1 The ESIC contribution for the month of February, can be filed and paid upto 15th May, 2020 instead of earlier extended period of 15th April, 2020
- 2 EPFO announcement - Date of Filing Electronic Challan Cum Return (ECR) for Wage Month March, 2020 Extended Up to 15.05.2020 from 15.04.2020

### **Others**

- 1 MHA guidelines on 1 May, 2020
- 2 Shipping companies or carriers (and their agents by whatever name called) shall not charge, levy or recover any penal charges, demurrage, ground rent, storage charges in the port, detention charges, dwell time charges, additional anchorage charges, penal berth hire charges, vessel demurrage or any performance related penalties on cargo owners/consignees of non-containerized cargo till 3 May, 2020



## Annexure 2 - Economic Stimulus Package announced by various countries

Compilation of:

S. No.	Country	Package	Remarks/Procedure
1	United Kingdom	<ul style="list-style-type: none"> <li>To cover 80% of wages for companies to keep employment of employees intact s</li> <li>Maximum benefit of £2500</li> </ul>	<ul style="list-style-type: none"> <li>An employer at the first instance has to pay 80% salary and</li> <li>Claim the same when the reclaim process will be set up by Government.</li> </ul>
2	France	<ul style="list-style-type: none"> <li>The companies to place all or some of their employees on “technical leave,”</li> <li>During technical leave, employees will be paid approximately 70% of their salary by their employer;</li> <li>Employees will receive a government subsidy to cover part of the cost of technical leave.</li> <li>The Government of France has also announced deferral of payment of social security contributions and Tax without penalty</li> </ul>	Employers are allowed to defer the payment of all or part of their employee and employer social contributions, without incurring any penalty.
3	New Zealand	<ul style="list-style-type: none"> <li>\$12.1 billion package worth 4% of GDP</li> <li>\$585.80 per week for a full-time employee (20 hrs or more) or \$350.00 per week for a part time employee (less than 20 hrs). This means employers will receive a payment of \$7,029.60 for a full-time employee and \$4,200 for a part time employee.</li> <li>The maximum amount any one employer can receive is \$150,000</li> </ul>	<ul style="list-style-type: none"> <li>Wage subsidies will be available for businesses in all sectors and all regions that can show a 30% decline in revenue for any month between January and June 2020 compared to the year before</li> <li>The payment will be made as a lump sum for a period covering 12 weeks.</li> </ul>
4	USA	<ul style="list-style-type: none"> <li>\$2 trillion stimulus package</li> <li>\$1,200 for an individual earning up to \$75,000 a year</li> <li>Up to \$500 billion in “liquidity assistance” for distressed industries</li> <li>\$350 billion in loans to small businesses</li> <li>Businesses would get a tax</li> </ul>	<ul style="list-style-type: none"> <li>Starting April 1 and through</li> </ul>

S. No.	Country	Package	Remarks/Procedure
		<p>credit for keeping idled workers on their payrolls would get a refund for half of what they spend on wages, up to \$5,000 per worker</p> <ul style="list-style-type: none"> <li>• Employers and self-employed individuals would get to defer the 6.2 percent tax they pay on wages that is used to fund Social Security</li> <li>• Small Business Administration (SBA) provides low-interest disaster loans to help small businesses recover from declared disasters</li> <li>• Business with less than 500 employees, may be eligible for paid sick or family leave due to impacts from the coronavirus pandemic. <ul style="list-style-type: none"> <li>➢ Up to two weeks of paid sick leave if you or a family member is quarantined or has symptoms of COVID-19</li> <li>➢ Up to an extra 10 weeks of paid family and medical leave if your child's school or day care provider is closed or unavailable</li> </ul> </li> <li>• Disaster unemployment assistance</li> </ul>	<p>December 31, 2020</p> <ul style="list-style-type: none"> <li>• Businesses will receive funds from the government to cover costs of providing leave</li> </ul>
5	Denmark	Under the three-month aid period that will last until June 9, the state offers to pay 75% of employees' salaries at a maximum of \$3,418 per month	<ul style="list-style-type: none"> <li>• Companies have to promise not to cut staff.</li> <li>• Companies will pay the remaining 25%.</li> </ul>
6	Malta	<ul style="list-style-type: none"> <li>• €350 grant payment per employee under quarantine, to all employers to compensate for 14 days mandatory quarantine leave.</li> <li>• The Government will pay a benefit of €800 per month per family (expected to be for 2 months)</li> </ul>	<ul style="list-style-type: none"> <li>• Where one parent is required to stay at home to take care of children due to school closure and neither of the parents is able to telework</li> <li>• Individuals which ended up</li> </ul>

S. No.	Country	Package	Remarks/Procedure
		<ul style="list-style-type: none"> <li>Benefit of 2 days per week based on a salary cap of €800 per month covered by the government.</li> <li>Benefit of 1 day per week benefit, based on a salary cap of €800 per month covered by the government.</li> <li>Employees who ended up unemployed as from 9th March, will benefit from a special unemployment benefit of €800 per month</li> </ul>	<p>unemployed due to the employer's mandatory suspension of business</p> <ul style="list-style-type: none"> <li>Individuals employed with entities which suffered a downturn in operations of at least 25% but continued operating</li> </ul>
7	Australia	<ul style="list-style-type: none"> <li>Employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000 and the minimum payment increased from \$2,000 to \$10,000</li> <li>Eligible businesses will receive at least \$20,000 up to a total of \$100,000 under both payments</li> </ul>	An additional payment is also being introduced equal to the total of all of the Boosting Cash Flow for Employers payments received.
8	Indonesia	<ul style="list-style-type: none"> <li>22.9 trillion rupiah has been allocated from the package to aid loan disbursement towards businesses affected by the pandemic.</li> <li>30 per cent corporate tax discount for the next six months.</li> <li>Workers in the manufacturing sector with income below 200 million rupiah would be exempted from paying income</li> </ul>	

S. No.	Country	Package	Remarks/Procedure
		taxes for the upcoming six months	
9	Thailand	<ul style="list-style-type: none"> <li>• \$17.6 billion to help alleviate the impact of the coronavirus epidemic.</li> <li>• 150 billion baht of soft loans at 2 per cent interest rates.</li> <li>• To set up a 20 billion baht fund to help firms or workers affected by the coronavirus outbreak.</li> </ul>	The government has urged the central bank to protect debtors and has decided to offer relaxed debt repayments and lower interest rates for businesses suffering due to the coronavirus outbreak.
10	South Korea	<ul style="list-style-type: none"> <li>• 11.7 trillion won (\$9.8 billion) to protect its businesses and economy</li> <li>• 2.3 trillion won will be allocated to medical institutions</li> <li>• 3 trillion won will go towards struggling businesses and</li> </ul>	Child care subsidies loans will be made on relaxed terms and people who have lost jobs due to the epidemic will be retained
11	Saudi Arabia	<ul style="list-style-type: none"> <li>• 50 billion riyal (\$13.3 billion) to help private businesses survive</li> <li>• The small and medium-sized businesses will also be supported through a six billion riyal loan guarantee scheme</li> </ul>	
12	Turkey	<ul style="list-style-type: none"> <li>• \$15.5 billion stimulus package in order to protect small businesses, workers, exporters and pensioners from the impact of coronavirus.</li> <li>• Three-month deferral of loan payment by firms.</li> <li>• Financial support to the companies affected due to the outbreak.</li> <li>• Social security premiums will be postponed by six months</li> </ul>	For retail, steel industries, shopping malls; entertainment and hospitality sectors, food and beverage businesses, textiles as well as event organisation sectors.