

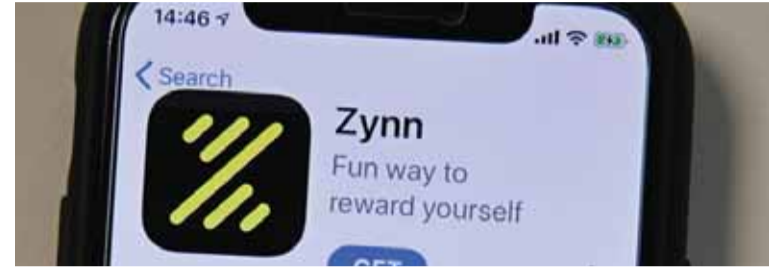
# Business

MONDAY, JUNE 8, 2020

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MUMBAI: Migrant workers queue outside the Chhatrapati Shivaji Maharaj Terminus railway station to return to their hometowns after the government eased a nationwide lockdown as a preventive measure against the COVID-19 coronavirus, in Mumbai.—AFP

## India's factories plunge into crisis

### Manufacturers struggle as migrant workers flee amid virus

**BAHADURGARH, India:** An acute shortage of workers has turned the roar of machines to a soft hum at a footwear factory near New Delhi, just one of thousands in India struggling to restart after an exodus of migrant workers during the virus lockdown.

India is slowly emerging from strict containment measures imposed in late March as leaders look to revive the battered economy, but manufacturers don't have enough workers to man the machinery.

The big cities—once an attractive destination for workers from poor, rural regions—have been hit by reverse migration as millions of laborers flee back to their far-flung home villages, some uncertain if they will ever return. "Sixty percent of our laborers have gone back. How can we run a production unit with just one-third of our workforce?" asked Sanjeev Kharbanda, a senior executive with Aqualite Industries, which owns the footwear factory in the northern state of Haryana.

Kharbanda said the company's sports shoe unit had been sitting idle as there were no skilled workers to operate the high-tech machines. "We are running just one shift now. The cost of production has gone up and our profits are going down," he said, a conveyor belt carrying semi-finished flip-flops running slowly in the

background. In Gujarat state's Surat city—where 90 percent of the world's diamonds are cut and polished—many factories have been unable to open after more than two-thirds of workers fled, Surat diamond association president Babu Kathiriya told AFP.

#### Jobless and hungry

Meanwhile, the state's salt refineries have started doubling salaries to lure staff back. But experts say the workers may not return anytime soon. "A lot of the manufacturing industry is actually located in the very states where the pandemic's impact has been great (such as) Tamil Nadu, Gujarat, Maharashtra, Delhi," Professor Santosh Mehrotra at Jawaharlal Nehru University told AFP.

"Now these are the areas where naturally workers have left in large numbers... They will not return in a hurry." There are an estimated 100 million migrant workers—nearly a fifth of the labor force and con-

tributing to an estimated 10 percent of GDP—across the nation of 1.3 billion people.

Many are employed as cheap labor across a vast range of sectors including textiles, construction, mines and small businesses. But when the lockdown was suddenly imposed by the government, many found themselves almost immediately out of a job and unable to pay rent.

Without public transport after interstate trains and buses were halted, some embarked on long journeys home on foot in the scorching heat, with around 200 dying from exhaustion or accidents according to the non-profit Save Life Foundation.

The government eventually organized special train services to take millions stranded in cities back to their home states. Experts say India's economy—Asia's third-biggest and already stuttering before the pandemic—will be badly hit in the short-term at a minimum by the lack of workers.



**India GDP grows at its slowest pace in 11 years**

#### Invisible workers

The economy is forecast to grow at its slowest pace in 11 years, and analysts are bracing for a severe contraction in the current quarter. The government has announced a 20 trillion rupee (\$266 billion) stimulus package but observers do not expect much of a boost, at least not in the short term, while there are fears the exodus of migrant workers may have set the economy back by 15 years.

"Their departure itself has been traumatic. They have gone through many indignities," said Mehrotra. "Some of them may come back, but many of them will look for work not in metro cities but in small towns close by which are less impacted by the virus."

It is unclear if they will find jobs back home, with the rural economy already in distress owing to low crop prices and yields.

But Mohammed Naseem Aktar, who lost his job as a worker at an export house in New Delhi, told AFP he was willing to take the risk. "I had no work for two months here and I faced a lot of problems," the 21-year-old said as he queued up to register for a train seat.

"The disease is showing no signs of a let-up. Now I just want to be with my family in the village." —AFP

### China imports plunge and exports fall

**BEIJING:** China's exports and imports fell in May as the economic slowdown abroad started to take its toll, and after a surprise jump driven by increased demand for anti-epidemic supplies, official data showed yesterday.

With consumer demand muted and key overseas markets suffering downturns, imports saw their sharpest on-year fall in over four years, even as the country worked to restart its economy after bringing activity to a standstill to curb the coronavirus. Exports from the manufacturing powerhouse fell 3.3 percent on-year last month, better than the 6.5 percent slide expected by a Bloomberg poll of analysts.

But the return to negative territory came after a surprise 3.5 percent jump in April, which was partly due to medical exports. Analysts have warned of signs that a larger downturn awaits.

Customs data released yesterday also showed a larger than expected drop in imports on-year, which were down by 16.7 percent and at a four-year low. Part of the plunge in the value of imports could be explained by falling commodity prices worldwide, said Rajiv Biswas of IHS Markit.

Iris Pang, ING chief economist for Greater China, told AFP another reason was likely a drop in parts bought for re-exports—imported goods that are shipped out after further processing—due to the uncertainty of global demand.

#### Deeper downturn ahead

Medical exports supported Chinese shipments in April and May, with shipments of textile yarns, fabrics and products rising 21.3 percent for the first five months on-year. Analysts expect this boost to fade however, as the virus situation improves worldwide.

"Export growth rebounded in March and April, even as lockdowns came into effect abroad, because of a backlog of orders that had piled up while Chinese factories were shut in February," said Julian Evans-Pritchard of Capital Economics in a recent report.

But he noted the Purchasing Managers' Index, a key gauge of factory activity, still pointed to "a deep downturn in exports that has yet to materialize" as activity in China's major export markets remains subdued.

Exports would likely take a further hit in June and July, said IHS Markit's Biswas, before recovering towards the end of the year supported by lockdowns ending across Europe and the US and the Christmas season. Cities in China have been rolling out measures to boost local demand, with Beijing announcing last week it would offer coupons worth 12.2 billion yuan (\$1.7 billion) to spur consumption, according to state news agency Xinhua.

Meanwhile, China's trade surplus with the US was up by 3.7 percent to \$27.9 billion in May, from last year.

This was also higher than the \$22.8 billion surplus in April. US-China tensions have risen again in recent months as both sides trade barbs over the pandemic and other areas.

With both economies hit by the virus, analysts have called into question their ability to meet earlier commitments from a partial trade deal signed in January. —AFP



BEIJING: A vendor wearing a face mask sells vegetables at a market in Beijing yesterday.—AFP