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TEXPROCIL Chairman, Shri Ujwal Lahoti (3rd from Right) at a textile delegation accompanied by Hon'ble Minister of Textiles, Smt Smriti Zubin Irani (2nd from Right) along with representatives of AEPCL and leading Home textile & Apparel Companies in a meeting with Hon'ble Finance Minister, Shri Arunkumar Jaitley (2nd from left) to request for continuation of the ROSL Scheme for Madeups and to extend it to Cotton Yarn and Fabrics.

**CHAIRMAN'S MESSAGE**

Dear Friends,

The fortnight gone by saw the Council engage intensively with the Hon'ble Minister of Finance with the active support of the Ministry of Textiles for GST rates, make a presentation on export markets to entrepreneurs in the fast developing industrial hub of BELLARY in KARNATAKA STATE, meeting with Secretary, Ministry of Textiles on various issues including the need for high and competitive Duty Draw Back Rates for the Textile sector and host "ROAD SHOWS" in leading TEXTILE CITIES like Hyderabad, Jaipur.

**Meeting with Hon'ble Minister of Finance on 26 May, 2017**

Along with the representatives of AEPCL and leading companies from home textiles and garment sector,

I met the Hon'ble Minister of Finance on 26 May, 2017 to request for continuation of the ROSL SCHEME for MADEUPS and also to extend it to COTTON YARN and FABRICS. Texprocil also handed over a Memorandum requesting for placing COTTON TEXTILES in the lower GST Slab of 5%.

The Hon'ble Minister of Textiles and the Secretary, Ministry of Textiles also accompanied the delegation to meet the Hon'ble Minister of Finance, thereby extending their full support to the recommendations of the Council.

The Hon'ble Minister of Finance assured the delegation that he will get our representations examined.

Friends, as we now know, the Cotton Textiles sector has been put in the 5% GST slab and we are grateful to our Textile Minister who provided unstinting support to ensure that the Cotton Sector is put in the lower

slab of 5% and India does not lose its competitive advantage owing to higher levels of taxation.

We have expressed our sincere gratitude to both the Hon'ble Minister of Finance and Textiles through Press Releases (widely publicised) for ensuring that the rates remain low for the Cotton sector.

**Presentation in BELLARY on May 27, 2017**

In Bellary, where there are large number of ginning, spinning and weaving units, the Council made a presentation on "Opportunities in Textiles Exports" at a seminar organized by The Bellary Chamber of Commerce & Industry on May 27, 2017. Trends in exports of textiles and clothing, leading markets etc. were included in the presentation. I am confident Bellary will become an important textiles centre in the days to come and the Council will

## CHAIRMAN'S MESSAGE

## CONTINUED FROM PAGE 1

provide all kinds of assistance to the textiles units in the region to develop exports.

### Meeting with Secretary, Ministry of Textiles on 30 May, 2017

I also took the opportunity of meeting Secretary, Ministry of Textiles on 30 May along with the new Office Bearers of CITI and representatives of SIMA.

We briefed the Secretary on various issues including the need for high and competitive Duty Draw Back Rates for the Textile sector as data shows that there are duties & taxes which will remain un-rebated after implementation of GST.

Further we also requested him to support the need to extend MEIS & interest subvention benefits to Cotton Yarn and also include them along with Fabrics in the ROSL Scheme. The Secretary, Textiles agreed to get the matter examined and showed an inclination to take a positive view in the matter.

### Implications of GST for Textiles & Clothing Sector

Friends, the GST rates announced recently have been welcomed by the Cotton Textile industry by & large as they have been kept at the lower band of 5%. However the rates with respect to Man Made Fibre/ Yarns has been increased to 18% from 12% at present, while the rates for Fabrics made from these fibres has been kept at 5%. The rate for Sewing Thread is increased to 18%.

With full GST credit also not available the price of Man-Made Fabrics is expected to increase by 7-8% and also the cost of stitching.

An important issue pertains to imposition of 18% GST rate on Job Work charges. However, if the job work processes are carried out in-house by a manufacturer, they will have to pay only 5% GST. As almost all sections of the Textile Industry outsource a part of their manufacturing process to other specialised units, the high rate of tax of 18% will adversely affect these units and also lead to unemployment. The Council is representing against this imposition & requesting for reduction to 5% to keep it on par with the rate when the same job is undertaken in-house.

### Road Shows in Hyderabad on 5 June & Jaipur on 7 June

As you are aware, Textiles India 2017 - a mega textile fair covering the entire value chain will be held from June 30 to July 2, 2017 at Gandhinagar, Gujarat. The Council along with AEPC had conducted a Road show in Hyderabad on June 5, 2017. The Road show was led by Smt Pushpa Subrahmanyam, Additional Secretary, Ministry of Textiles.

Likewise, the Council along with Carpet Export Promotion Council had conducted another Road show in Jaipur on June 7, 2017 which was led Hon'ble Minister of State for Textiles, Shri Ajay Tamta. Shri Ram Singh, Director, Ministry of Textiles

was also present in this Road show. The objective of these Road shows are to disseminate information about Textiles India 2017 and to mobilize participation. All these Road shows were very well attended by the exporters from the respective regions.

### Summing Up

Friends, the Government has finalised the GST rates for the Textile & Clothing sector and it is a matter of great relief that the rates are low at 5% for cotton & synthetic fabrics and also for garments below Rs 1000 per piece. Some anomalies remain which is bound to be there when the entire structure of indirect taxation is being overhauled.

We are also pushing for competitive Draw Back rates and also retention of ROSL Scheme for Made-ups on par with Garments. We are also seeking an extension of the ROSL Scheme for the value-added Fabrics/Yarn segments.

The new Foreign Trade Policy (FTP) to be announced by July 1, 2017 should hopefully extend MEIS benefits to Cotton Yarn also.

Thus, Friends the policy framework is expected to be more conducive for exports and we should all contribute our share by aggressively undertaking marketing efforts so that exports can show a better growth than the previous fiscal year 2016-2017.

**Ujwal R Lahoti  
Chairman**

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email: [info@texprocil.org](mailto:info@texprocil.org)

**COVER STORY****TEXPROCIL makes presentation on Opportunities in Textile Exports in Bellary**

Shri A. Ravikumar, Joint Director, TEXPROCIL making a presentation on ‘Opportunities in Textile Exports’ at training program in Bellary.



Bellary Chamber of Commerce had organized a three days training program in export business in Bellary from May 26-28, 2017.

The Council made a presentation on “Opportunities in Textiles Exports” on May 27, 2017. The presentation made by Shri A. Ravi Kumar, Joint Director, TEXPROCIL covered trends in textiles & clothing exports, leading export markets for cotton textiles, export benefits, India’s advantages in textiles, MAI scheme, and the role of Council etc.

The participants had sought clarifications on various issues related to export benefits such as MEIS, Duty Drawback etc. and also

on GST. All the queries were suitably replied.

Bellary is known for its cotton processing industry in the form of ginning, spinning and weaving. The earliest steam cotton-spinning mill was established in 1894 AD, which by 1901 AD had 17,800 spindles, and employed 520 hands. The city continues to thrive in the textiles sector with spinning mill and numerous cotton ginning and pressing mills, handlooms and powerlooms.

Currently, Bellary, a small town in Karnataka is well known for its branded and unbranded denim garments, with brands like Point Blank, Walker, Dragonfly and Podium being successfully marketed nationally and internationally. There are about 260 denim garment units in Bellary of all fathomable varieties, manufacturing for the mega brands and supplying to top retail chains. Nearly 3000 families are working in these units.

**Bellary Denim Cluster**

Bellary is known for its specialization in jeans manufacturing, among various other garment clusters in the country. The town derived a recognition for its perfection in fittings due the quality of uniform manufactured during 60's, during the times when the technology to make readymade garment was not so common in India. Thanks to the native skill of "Darji" community, which came to Bellary to stitch the uniforms for the soldiers, stationed in the town during the Second World War. Entrepreneurs from Rajasthan gave the shape of industrial cluster to Bellary, by anticipating the potential that were likely to emerge due to the change in fashion and dress culture of male in India and by utilizing the local skill available.

Bellary is a natural cluster and it is one of the oldest garment clusters in India. However, growth of this cluster was far less in terms of technology, turnover and exploitation of opportunities both in domestic and international market, as compared to garment cluster at Bangalore and Indore that emerged much later than Bellary.

Jeans manufacturing is a cottage industry in Bellary. Several manufacturers in the town outsource



**TEXPROCIL E-NEWSLETTER**

**Edited & Published by:**  
Siddhartha Rajagopal

**Editorial Team**

N. Ravindranathan,  
Rajesh Satam, A. Ravindrakumar,  
Shailesh Martis, Sanjay Rane

**Ideas & contributions are welcome at:**  
texprocil1@gmail.com; mktg@texprocil.org

**Editorial & Publishing Office at :**



**The Cotton Textiles Export Promotion Council**

Engineering Centre, 5th floor, 9, Mathew Road,  
Mumbai – 400 004. India.  
Tel: +91 22 23632910 to 12  
E-mail: info@texprocil.org

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## COVER STORY

(CONTD. FROM PAGE 3)

# TEXPROCIL makes presentation on Opportunities in Textile Exports in Bellary

to local households, with very good sewing and stitching talent. Bellary has only 2-3 manufacturers who do end-to-end manufacturing of jeans. In all other cases, after cutting the cloth as per the design requirement, it is outsourced to households where members of a family, mostly housewives, stitch it and return to manufacturers. There are sub-contractors, who take the work order from manufacturers and give it to families. The outsourcing of the manufacturing of jeans, which involves seven different aspects – cutting, stitching, buttoning, washing, trimming, ironing and packaging – makes prudent business sense.

### End Market

Bellary's jeans manufacturers, primarily, market their products in India's southern states. The rationale for this being the northern markets which source their requirement from several jeans manufacturers based in Mumbai, Gujarat and the NCR are very crowded. Since Bellary is located almost at the centre of South India, focusing on the southern states also make logistical sense. Moreover, the garment business runs on credit as distributors take consignments in advance and pay after they sell the garments. Hence, focusing on a particular market helps manufacturers to better manage their inventory. Though the mushrooming of retail chains have also helped Bellary Jean products to get better visibility, the retailers ask for higher margins and if the product is not sold, return it back. Jeans manufacturers operate on wafer thin margins. Irregular demand also make things difficult for Bellary Jean manufacturers.

Some of Bellary's popular jeans brands are Iceberg, Nasty, Hotline, Pierre Bellari, Point Blank, Walker, Key and Podium. The manufacturers of these brands, primarily, target buyers looking for medium to low priced jeans. Seasonality is also the reason for many of the jeans manufacturers not having a lot of people on payrolls. Seasonality in demand and volatility in the forex market have also forced several local manufacturers to stop exports. Some companies, however, with own manufacturing units, continue to export to Singapore, Dubai, Sri Lanka, Europe and US. The insignificant level of exports are due to quality issues. Most of the exports are through known contacts and middlemen. The middlemen take care of hedging requirements, in return of export incentives.

### Future Prospects

Thankfully, Bellary doesn't suffer from one issue that

many such manufacturing hubs in India grapple with – relentless power outages. At the same time, being centrally located in the Indian peninsula, most major southern cities are easily reachable from here. However, a lot needs to be improved in terms of transportation means, port access and air travel connections to the town.

Yet, more and more entrepreneurs continue to arrive in Bellary to start their business due to the advantage that the capital required to start garment business here is less as compared to starting a similar business elsewhere in the country due to its nature and size of operation. Small garment making units (average size of each such unit having 5-10 sewing machines) with spare production capacity are available in plenty. Each such garment units perform one of functions required for garments making like sewing, eye button holing making it easy to start with less investment. Similarly, people who are interested in marketing need not invest in manufacturing units.

Specialization in operation and sub-contracting of services, which was once strength of Bellary has now become bottleneck for the growth. With the change in the technology level, consumer preferences, fashion and income level garment industry all over the world has undergone transformation. Merchant manufacturers at Bellary are nowadays unable to meet the quality expectation of their customers and to deliver the garments in time, particularly during peak business seasons. Bellary also has not exploited the opportunity, which were thrown open after implementation of Agreement of Textile Clothing under WTO.

### Way forward

Bellary needs to prove its ability to manufacture good quality, high fashion garments. Industry surveys conducted for the goods manufactured in the cluster revealed the existence of good market potential in the mid value segment. Many regional brands and national brands are eyeing the same market segment. Efforts made in this direction by creation of consortiums of firms need to continue. At the same time efforts need to be stepped up for supporting innovation, stepping up R&D activities and enhancing skill building to improve productivity. The need of the hour is to align the products to meet the ever changing trends in the global denim industry. The Council will make all efforts to provide support to the textiles units in the region to increase exports.

:: TEXPROCIL ::



Avail of more detailed information on

## EXIM POLICY

at TEXPROCIL GREIVANCE REDRESSAL CELL

email: [ravikumar@texprocil.org](mailto:ravikumar@texprocil.org)



## PRESS RELEASE

## ROSL scheme to create additional employment in the Made up sector- Chairman, TEXPROCIL

The Made ups sector is poised to create additional employment on account of the Govt support extended to this sector, said Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

The Rebate of State Levies (ROSL) scheme was announced in the month of December 2016 for the made ups sector for a period of three years. Subsequently, the ROSL rates were announced and were made effective from March 23, 2017. The objective of the scheme is to provide rebate of state levies consisting of State VAT / CST on inputs including packaging , fuel , duty on electricity generation and duties and charges on purchase of grid power , as accumulated through the stages of production from yarn to finished made ups. Many leading Companies manufacturing "made ups" are reportedly drawing up plans for investments in this sector after the scheme has been announced. The ROSL scheme will certainly lead to an increase in exports of made ups articles which in turn will create more employment, according to Shri Lahoti. The Chairman said that any increase in the exports of made ups will create additional employment in the entire value chain such as spinning and weaving besides the made ups sector especially in the rural areas and for women.

Earlier, a package including the ROSL scheme was announced for the garments sector in July 2016 . The Chairman, TEXPROCIL pointed out that according to data released by the Ministry of Textiles, after the package was announced, between July 2016 and March 2017, garment exports increased to US\$ 13.47 as against US\$ 12.37 billion during the same period in the preceding year. Shri Lahoti expressed his confidence that exports of made ups will also grow as a result of the ROSL scheme as in the case of "garments". Since both "garments" and "made ups" fall under the category of "cut & sew" products and the requirement for labour is more or less similar in both the sectors, increase in the exports of made ups will certainly lead to the creation of more employment and the effect can be seen in the next three to six months , according to Shri Ujwal Lahoti.

The Chairman , TEXPROCIL urged the Govt to continue with the ROSL scheme for three years as committed even under the GST regime as there are still many State taxes / levies which are not subsumed under the GST.

**:: TEXPROCIL ::**

## TRADE FACILITATION

## TEXPROCIL - The facilitator !

For more information:



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Shri Ujwal Lahoti Chairman, TEXPROCIL (2nd from Left) met with Shri Anant Kumar Singh, Secretary, Ministry of Textiles (3rd from Right) along with the new Office Bearers of CITI and representatives of SIMA and briefed the Secretary on various issues including the need for high and competitive Duty Draw Back Rates for the Textile sector .



Shri Siddhartha Rajagopal, Executive Director, Texprocil (extreme Right) and Shri Ajay Tamta, Hon'ble Union Minister of State for Textiles (3rd from Left) along with representatives of CII and CEPC at the 'Textiles India' Road Show held in Jaipur.



Shri A Ravikumar, Joint Director, Texprocil (extreme Left) and Smt Pushpa Subrahmanyam. Addl. Secretary, Ministry of Textiles (2nd from Left) along with representatives of CII and AEPC at the 'Textiles India' Road Show held in Hyderabad.

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# TRADE NOTIFICATION

## MEMBERSHIP SATISFACTION SURVEY

**Dear Member,**

The Council has recently obtained ISO-9001:2008 Certification. As part of the ISO documentation concerning 'Customer Satisfaction' we are seeking feedback from our Members on the services offered by the Council. Accordingly kindly fill in your complete information below and respond to the questions below by tick (✓) marking appropriate response in the space provided or with suggestions in brief wherever necessary. We value your association with us and prompt feedback.

### COMPANY INFORMATION

Name of the Company	:			
Contact Person & Designation	:			
TEXPROCIL Membership (RCMC) No.	:			
Email Address & Website	:			

1) Kindly rate the following services offered by Texprocil on rating of 5 to 1. in order to serve you still better.\*

5= Excellent, 4=Good, 3 = Satisfactory, 2 = Needs Improvement., 1 = Not Availed (N.A.)

Membership	Rate Here	Trade Development	Rate Here	Trade Promotion	Rate Here	Trade Services	Rate Here	Trade Intelligence	Rate Here
Procedure for New Membership	<input type="checkbox"/>	Publication: E-Newsletter	<input type="checkbox"/>	Intl. Fairs & Events	<input type="checkbox"/>	Certificate of Origin	<input type="checkbox"/>	Interactive Website	<input type="checkbox"/>
Membership Renewal	<input type="checkbox"/>	E-serve	<input type="checkbox"/>	Seminars & Workshops	<input type="checkbox"/>	Grievance Redressal Services	<input type="checkbox"/>	E-News Clippings	<input type="checkbox"/>
RCMC Amendment	<input type="checkbox"/>	Circulation Trade Enquiries Award	<input type="checkbox"/>	MDA/MAI Schemes	<input type="checkbox"/>	Information on Exim policy/Amendment DBK	<input type="checkbox"/>	Information Disseminated	<input type="checkbox"/>

2) a. Are you generally satisfied with the services actively availed by your company and marked above? <b>Tick (✓)</b>	<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
b. If you have replied 'no' above, please suggest how the Council can improve the services <i>(use additional sheet if required)</i>	<b>Suggestions:</b>			
3) How is your company benefitting from the Exhibitions / BSMs being organized by the Council? <b>Tick (✓)</b>	Accessing new Markets		<input type="checkbox"/>	Generating additional business
<i>Others (Pls. Specify):</i>	Making new Contacts (Trade Enquiries)		<input type="checkbox"/>	Any Others
4) How is your company benefitting from the Export Facilitation services being provided by the Council?	Information on Export Policy / Procedures		<input type="checkbox"/>	Responses to various EXIM queries
<i>Others (Pls. Specify):</i>	Redressal of Trade related grievances		<input type="checkbox"/>	Any Others
5) Have you recommended TEXPROCIL Membership to other companies? <b>Tick (✓)</b>	<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
6) Do you have any other suggestions to offer regarding TEXPROCIL Member Services? <i>(use additional sheet if required)</i>	<b>Suggestions:</b>			

\*Kindly ignore this feedback form, if you have already responded.

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## TRADE NOTIFICATION

## TEXPROCIL MEMBERSHIP ANNUAL RENEWAL SUBSCRIPTION

The Registration as well as Renewal fees for membership of the Council has been revised w.e.f. 01.04.2017.

Accordingly New Registration Fee Structure is as follows:-

Type of Membership	Amount (Rs.)	Service Tax @ 15%	Total Amount (Rs.)
<b>Member (with Voting Right)</b> (including Rs.6000/- as Entrance Fee)	<b>17000/-</b>	<b>2550/-</b>	<b>19550/-</b>
<b>Registered Textile Exporter</b> (including Rs.3000/- as Entrance Fee)	<b>9000/-</b>	<b>1350/-</b>	<b>10350/-</b>

The Annual Renewal Subscription amount for the financial year 2017-2018 (due from 1st April, 2017) is as follows:-

Type of Membership	Amount (Rs.)	Service Tax @ 15%	Total Amount (Rs.)
<b>Member (with Voting Right)</b>	<b>11000/-</b>	<b>1650/-</b>	<b>12650/-</b>
<b>Registered Textile Exporter</b>	<b>6000/-</b>	<b>900/-</b>	<b>6900/-</b>

### Note for Members:

Members are also requested to submit the CA Certificate as per the format given below certifying the Export Turnover for F.Y. 2015-2016 & F.Y. 2016-2017 i.e. the amount of actual FOB value of exports of Cotton Textiles excluding Readymade Garments and Handloom Textiles.

Members may note that the eligibility criterion of annual export turnover is minimum Rs. 2 Crore. Those not fulfilling the criteria will automatically be renewed as RTE i.e. Registered Textile Exporter.

RTEs are not required to submit the CA certificate.

### Format of Chartered Accountant Certificate to be submitted by Members only:

#### CHARTERED ACCOUNTANT CERTIFICATE (on C.A.'s Letter Head)

#### TO WHOMSOEVER IT MAY CONCERN

This is to certify that M/s. \_\_\_\_\_ (Name and full address of the Member) having IE code No. \_\_\_\_\_ have exported Cotton / Cotton Yarn / Cotton Fabrics / Cotton Madeups (Excluding Handloom Items / Readymade Garments and Silks, etc.) during the financial year 2015-2016 & 2016-2017 as follows:

Sr. No.	Description	2016-2017 (Rs. FOB Value)	2015-2016 (Rs. FOB Value)
1	Cotton		
2	Cotton Yarn		
3	Cotton Fabrics		
4	Cotton Made-ups		
	<b>TOTAL</b>		

(Stamp & Signature of Chartered Accountant)

(Membership No. of Chartered Accountant)

(Firm Registration No. of Chartered Accountant)

PLACE:

DATE:

### Note to Members & RTEs whose RCMC has expired on/before 31.03.2017:

Please apply immediately for renewal of RCMC with the following documents:

- [1] Copy of your Import-Exporter Code (IEC)
- [2] In case of Manufacturer Exporter, a copy of Manufacturing Licence
- [3] In case of changes in Partners, a copy of revised deed of partnership
- [4] In case of changes in Directors, a copy of Form 32/DIR-2 or Board Resolution for those who have resigned or newly appointed.

(For any further queries please write to Mrs. Smita Dalvi on email : smita@texprocil.org)