Shri Mohit Jain, Executive Vice Chairman, Indo Count Industries Ltd., one of India’s largest Home Textile manufacturers, has been honoured with The Economic Times Business Leader - Youth Icon Textiles award 2021. The corporate distinction was presented to him at The Economic Times Business Leader Awards 2021, held in Mumbai on March 13, 2021.

Commenting on the illustrious achievement, Shri Mohit Jain, stated, “At Indo Count, our key focus has always been to weave an unforgettable legacy of corporate excellence and exceptional service. And it is indeed a great honour to be recognized for the same, as we continue to transform the world of textiles, one thread at a time.”

Shri Mohit Jain has been actively steering growth at Indo Count, with his exemplary vision and vast experience in the textile domain. Indo Count has received several prized accolades in its near 30-year history including the recent Texprocil’s Gold Trophy for the highest export performance in 2018-19, and the Pride of Maharashtra Award under the category of ‘Best Company of the year’ in 2019.

**WELCOME TO TEXPROCIL**

**Indian Cottons, Global Reach!**

**Dear Friends,**

As we near the end of the FY, 2020-21, we need to take a stock of the country’s export situation. The year gone by has been challenging on account of subdued global economic outlook, disrupted supply chains and overall depressive demand scenario in the international markets. While on the one side there have been the reports of significant improvement in export order bookings, the trade & industry has also reported a 25-27% rise in the input costs ranging from raw material, labour, packaging material, transportation, ocean freight, etc.

**Export of Cotton Textiles**

As per the quick estimates released by Ministry of Commerce, exports of cotton textiles reached a level of USD 948 million in February 2021 marking a growth of 9.41 per cent against the corresponding month of February 2020, wherein exports were valued at USD 866 million.

Exports of cotton textiles during the period April–February 2021 have shown a decline of (-) 6.53% reaching a level of USD 8.71 billion over the previous year. The decline of 6.5% is mainly due to steep declines in April/May 2020 owing to lockdowns imposed across the world including India. Exports of cotton textiles have shown positive growth in the subsequent periods and are expected to gain positive trajectory in the coming months.

**Meeting with Government Officials**

- **Virtual Meeting with the O/o. Hon’ble Prime Minister of India**

A virtual meeting of Joint Secretary to Hon’ble Prime Minister Shri Arvind Shrivastava was held on March 23, 2021 with Shri B. K. Goenka, Chairman of Welspun India Ltd., Shri Harish Ahuja, Managing Director of Shahi Exports, Dr. A. Shaktivel, Chairman of AEPC, Shri Gautam Nair, Executive Committee Member of AEPC, Shri Chintan Thaker,
Chairman, ASSOCHAM (Gujarat Chapter) along with myself and Executive Director representing TEXPROCIL.

As we are all aware, the RoSCTL scheme for Made ups & Garments has been extended till 31.3.2021. The notification dated April 17, 2020 issued by Ministry of Textiles stated that, “the Government has decided to continue the RoSCTL Scheme w.e.f. April 01, 2020 until such time that the RoSCTL Scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme without any change in Scheme guidelines and rates (as notified earlier)”. As both the RoSCTL and RoDTEP schemes refund similar types of duties / taxes / levies, therefore, a request was made to the government to announce the same RoSCTL rates (as notified earlier) for Made ups and Garments under the RoDTEP scheme. In this regard, a detailed presentation was made which was well received by all those present in the meeting. We await a favourable consideration of our request made to the government.

Virtual Meeting with Hon’ble Minister of Commerce & Industry

A virtual meeting Chaired by Shri Piyush Goyal, Hon’ble Union Minister of Commerce & Industry and Railways on issues of export interest and ITC (HS) chapters was organised by O/o DGFT with EPCs and Commodity Boards on March 22, 2021. The meeting was attended by the Vice Chairman and the Executive Director of the Council. At the meeting Shri Sunil Patwari, our Vice Chairman requested the government for removal of 10% duty imposed on cotton imports comprising 5% Basic Customs Duty (BCD) and 5% Agriculture Infrastructure Development Cess (AIDC) as it would result in imports of ELS cotton varieties like Egyptian Giza and the US Pima that are being used for value added exports becoming expensive.

The other points made during the meeting included:

- To engage in a dialogue with the shipping lines so that they take suitable steps to make available adequate number of containers to the exporters and to ensure that there are no steep & abrupt increase in the freight rates.
- To notify the same RoSCTL rates for Made ups under the RoDTEP scheme since the duties / taxes / levies are similar under both the schemes.
- To dispense with the requirement of maintaining the average export performance (AEP) under the EPCG Scheme.
- To introduce an Error correction provision for Errors Committed by exporters while filing EDI Shipping Bills.

Webex Meeting with Ministry of Commerce

A webex meeting chaired by Shri Amitabh Kumar, Joint Secretary (EP-Textiles Division), Ministry of Commerce was held on March 11, 2021 to discuss textile export-related issues. The Council drew attention to the difficulties faced on account of container shortages at ports which were seriously affecting export shipment. The issue relating to steep increase in freight rates was also highlighted along with other issues like withdrawal of Customs duty on Cotton imposed in the Union Budget for 2021-22, and notifying the RoDTEP rates at the earliest for Cotton textiles products such as Madeups/Garments, Fabrics & Yarn.

India-UK FTA

The UK is India’s 14th largest trading partner accounting for USD 8.7 billion of exports and USD 6.7 billion of imports. The Ministry of Textiles has sought more favourable access for textile and clothing under the proposed trade pact with the UK so as to give a fillip to our exports even as our competitors have been granted duty free access. It has been pointed out that the UK has extended GSP benefits to 47 Least Developed Countries (LDCs) including Bangladesh and Pakistan on the lines of EU GSP which leaves India with a tariff disadvantage.

In a recent development, the Ministry of Commerce & Industry has proposed to the UK that the two countries could work on an interim pact based on a preferential basis by which both sides would reduce or eliminate tariffs on select items.

In our view, the tariff reduction in textile and clothing items could definitely result in possible gains for the sector and government should continue negotiations with the UK taking this into account. The Council is also pursuing with the government for negotiations with the markets of the EU and UAE.

India-Brazil Virtual BSM

To understand the potential and requirement of textiles from India, Texprocil with support from the Consulate General of India in Sao Paulo organised a virtual Buyer Seller Meet (BSM) between India and Brazil on 11th March 2021.

The virtual BSM event was inaugurated by the Consul General of India, Sao Paulo, H.E. Shri Amit Kumar Mishra who highlighted the bilateral trade between the two countries in his opening remarks and congratulated the Council for organising the virtual BSM event in the absence of any physical events due to the COVID situation.

In my welcome remarks at the event, I thanked the Consul General as well as the Guest Speaker Mr Luiz Roberta Rando from Sinditecidos SP a Brazilian Textile Association, for their support. Other Associations like The Brazilian Association of Textile Retail (ABVTEX) and Sinditec Blumenau also supported the event. Dr. Siddhartha Rajagopal, Executive Director of Texprocil gave an overview of the activities of Texprocil and also highlighted the strengths of the Indian textile industry.

11 Indian suppliers participated from Indian side and made a short video presentation of their companies which were played with a voice dub done in Portuguese. Around 50 Brazilian buyers who were present at the inaugural session were provided with the video presentations & corporate profiles of each Indian company. The B2B meetings are currently in process between individual Indian supplier and Brazilian buyers.

Way forward

Friends, the challenges that we face today and the extraordinary situation is expected to fade away as the overall trade normalises gradually and economies start getting back on track. Accelerated transformations such as continued efforts to improve digitalisation, improve ease of doing business, create favourable conditions for global trade and dedicated investments in improving infrastructure are expected to propel India’s export-import trade in the medium to long term.

In this context “One District One Product” (ODOP) Scheme would also decentralise export promotion activities by creating “centres of excellence” at the local level. This augurs well for coordinated development of export production at the unit level.

Despite the numerous challenges, how the industry overcomes the pandemic blues and focuses on making solid strides in developing trade will determine the span of time it would take to return back to normalcy.

Manoj Kumar Patodia
Chairman
:: TEXPROCIL ::
To understand the potential opportunities of sourcing textiles from India, Texprocil with support from the Consulate General of India in Sao Paulo organised the virtual Buyer Seller Meet (BSM) between India and Brazil on 11th March 2021.

The initiative of organising the virtual BSM was taken with the objective of assisting Indian textile suppliers generate business leads and assist in virtual interaction (one-to-one business meetings) with potential buyers of all types of textiles including cotton textiles.

Promotion and Publicity
The virtual BSM was promoted and publicised by an overseas Marketing Agency, Stratech Inc hired by Texprocil. The marketing was done through a series of e-mailers and banners to the Textile Associations and prospective buyers in Brazil as well as the complete database of the Council. The BSM was also promoted on social media through the Texprocil account on Facebook, Twitter and LinkedIn.

Preparatory Session for Suppliers
The Council along with Stratech Inc. held a preparatory session on 8th March to inform the suppliers on the dos and don'ts for the virtual Inaugural Session including the guidelines for making a video / short presentation of each Indian company.

Virtual BSM details
The virtual BSM event was inaugurated by the Consul General of India, Sao Paulo, H.E. Shri Amit Kumar Mishra who also gave the opening remarks. He highlighted the bilateral trade between the two countries and thanked Texprocil for organising the virtual BSM especially since physical interaction is now very limited in events worldwide due to the virus situation.

Shri Manoj Patodia, Chairman Texprocil gave the welcoming remarks thanking the Consul General as well as the Guest Speaker Mr Luiz Roberta Rando from Sindicetidos SP a Brazilian Textile Association, for their support. Other Associations like The Brazilian Association of Textile Retail (ABVTEX) and Sindtex Blumenau also supported the event.

Dr. Siddhartha Rajagopal, Executive Director of Texprocil gave an overview of the activities of Texprocil and also highlighted the strengths of the Indian textile industry. He also mentioned areas of cooperation between the two countries to increase trade.

The Inaugural Session saw a total participation from 11 Indian suppliers and the products showcased included yarns, fabrics and home textiles of 100% cotton, blends and mmf.

A 2 minute video of each Indian supplier was then played with a voice dub done in Portuguese for the benefit of the approximately 50 Brazilian buyers who were present at the inaugural session. Corporate presentations of each Indian company was also provided to the Agency for submission to the buyers.

The Marketing Agency prepared a B2B schedule over the week starting 18th March between the Brazilian buyers including Chambers, Agents as well as direct clients with the Indian suppliers. The B2B meetings are currently in process between individual Indian supplier and Brazilian buyers.

:: TEXPROCIL ::
COMMODITY
UPDATE

Nikunj Bagadia, Chairman of Fabrics Subcommittee of TEXPROCIL and owner of Ken Enterprises, discusses the current situation facing the Indian cotton fabrics sector.

Sustaining the fabric market’s demand in the new F.Y. 2021-22

† † KEY TRENDS TO WATCH † †
◆ It will take some time before we get back to pre-COVID levels
◆ There has been a rise of 25-30% in the cost of inputs for production
◆ Consumer confidence has to be rebuilt

Over the past year with textile production capacity first dipping and then gradually increasing, it will take some time before we get back to pre-COVID levels. With the resumption of operations amidst continued challenges, the situation is slowly seen to be improving. But for an intermediate product like fabrics, factors like availability of raw material at the right price will go a long way in sustaining the demand in the market.

The ‘Stay at Home’ concept, brought on by the pandemic, led to a substitution in the form of online sales. The improved consumption of garments and home utilities in turn generated orders for fabrics for conversion. Wellness and hygiene were themes around which finished goods like apparel and home textiles flourished. However, with the advent of the second wave, the uncertainty persists as to how long this COVID-19 situation will last. For sure, as long as the uncertain situation stays, the PPE, safety care market or more aptly functional product market will continue to do well.

Coping with the challenges

During the past 4 months, despite an encouraging growth in order bookings there has also been a rise of 25-30% in the cost of inputs for production. The challenges are now being seen at almost all stages in the value chain with 10% duty imposed on raw cotton imports, volatility in the yarn pricing, uncertainty in deciding the pricing to take new orders at the weaving stage, challenges in procuring raw material for conversion at the cut and sew stage, increased prices of packaging material-paper, plastic and corrugation, increased freight rates amidst container shortages delaying the shipments among others.

While price pressures will persist in the post-COVID world, there has been a substantial rise in the choice of the end-consumer. Preferences are seen towards high-end selections such as sustainable raw material, novelty constructions (to encompass fresh design & style), special finishes and coats etc. It is therefore also becoming imperative to take a planned view of what goes into production and how adequate margin can be realised to sustain the business.

Let us not lose sight of V-I-P

While investment in new machinery becomes the new norm with the advent of technology, it is equally important to train and skill the man-force behind the machines. Skill development and training are seen as assets towards improving the overall productivity. Therefore, Value addition, Innovation and Productivity or V-I-P are seen as the means to achieve long term growth and should not be neglected.

Value addition is about treating the most basic fabric and enhancing its final saleability. Product diversification or embellishments and finishing enhances the attractiveness and serviceability of the textile material. A range of new fabric finishes thus developed and manufactured will give an innovative edge to the textile sector in various applications.

Innovation is another key that can help the capacity utilisation in the weaving sector to pick up gradually. On the one hand, there is some post-crisis pent-up demand which should help boost certain business opportunities. On the other hand, demand for new applications and fashions is driving investments in new machinery in order to cope with the new or additional requirements this generates.

There is a clear trend towards more automation and the introduction of new and improved technologies that boost productivity and expand design capabilities are expected to stimulate business as well.

The recovery pace may differ from place to place. Consumer confidence has to be rebuilt – which will be important in getting the textile industry back up to speed – and this will take time. We can expect to see some light at the end of the tunnel going into the new financial year.

±± TEXPROCIL ±±

Kindly send your feedback on email:
shaffles@texprocil.org
**SPECIAL FEATURE**

**ONE DISTRICT ONE PRODUCT - A Transformational Initiative**

One District One Product (ODOP) is an initiative which is seen as a transformational step forward towards realizing the true potential of a district, fuel economic growth and generate employment and rural entrepreneurship, taking us to the goal of Aatmanirbhar Bharat. ODOP is operationally merged with ‘Districts as Export Hub’ initiative being implemented by DGFT, Department of Commerce, with Department for Promotion of Industry and Internal Trade (DPIIT) as a major stakeholder.

ODOP is basically a Japanese business development concept, coined as ‘Isson Ippin Undō’ meaning one village one product (OVOP) movement. The Japanese regional development program began in Ōita Prefecture in 1979 when the then-governor Morihiko Hiramatsu advocated the program. Implementation started in 1980.

Communities selectively produce goods with high added value. One village produces one competitive and staple product as a business to gain sales revenue to improve the standard of living for the residents of that village. Among them are shiitake, kabosu, greenhouse mikan, beef, aji, and barley shōchū. Over 300 products have been selected. Over time, the program has been replicated in other Asian Countries as well. Prime Minister Thaksin Shinawatra of Thailand initiated a similar program, One Tambon One Product.

**Background**

Earlier, the export promotion, as a subject was dealt by only the Central Government without any active, credible mechanism involving the State or District level stakeholders into the decision making process to promote goods and services produced at the grassroots level. The export promotion activity had to be decentralized to boost local production and make Districts active stakeholders in driving export growth of local products/services. This will also help in filling the existing gaps and bottlenecks in exporting identified products/services from the Districts.

The objective is to enable MSMEs, farmers and small industries to get benefit of export opportunities in the overseas markets and shift focus on District led Export Growth for self-sufficiency and self-reliance. It should attract investment in the District to boost manufacturing and exports and provide ecosystem for innovation/use of Technology at District level to make the exporters competitive. It should also help reduce transaction cost for the exporter at various stages of export cycle and generate employment in the District. The focus on the Districts should also provide platforms for wide and global reach of products and services from the district through E-commerce and Digital marketing.

**About the Scheme**

The Department of Commerce through DGFT is engaging with State and Central government agencies to promote the initiative of One District One Product. The objective is to convert each District of the country into an Export Hub by identifying products with export potential in the District, addressing bottlenecks for exporting these products, supporting local exporters/manufacturers to scale up manufacturing, and find potential buyers outside India with the aim of promoting exports, promoting manufacturing & services industry in the District and generate employment in the District.

To increase exports and take export promotion to the District level, Department of Commerce through the Director General of Foreign Trade (DGFT) is engaging with State / UT Governments to implement the said initiative in all districts of the country in a phased manner, with the objective of mobilizing the potential of each district of the country to achieve its potential as an export hub. Under the initial phase of the ODOP programme, 106 Products have been identified from 103 districts across 27 States.

**ODOP Objectives**

- Preserve and develop the local crafts and promote traditional art
- Increase incomes and local employment which will in turn result in decline in migration for employment
- Improve product quality and develop local skills
- Transform local products in an artistic way through packaging, branding
- Connect production with tourism through live demos and sales outlets for gifts and souvenirs
- Resolve issues of economic difference and regional imbalance
- Take the idea of ODOP programme to national and international levels after successfully implementing it at the state level

**Financial Assistance under ODOP**

The ODOP programme provides aid in the form of following major schemes:

- **Common Facility Centre (CFC) Scheme** – Under this scheme, financial assistance of up to 90% of the project cost of a CFC would be provided by the state government.

- **Marketing Development Assistance Scheme** – Under this scheme, financial assistance will be provided to participants of national and international fairs/exhibitions for display and sale of their products selected under ODOP programme.

- **Finance Assistance Scheme (Margin Money Scheme)** – Under this scheme, a certain margin of the project cost will be paid to the applicants in the form of subsidy to setup the project.
ONE DISTRICT ONE PRODUCT
- A Transformational Initiative

**Skill Development Scheme** – Under this scheme, skilled artisans will be trained through RPL (Recognition of Prior Learning) and will be certified through relevant Sector Skill Councils (SSCs) while the unskilled artisans will be provided a 10-day training and an advanced toolkit which will be free of cost.

**Rationale**
Every District has products and services which are being exported, and can be further promoted, along with new products/services, to increase production, grow exports, generate economic activity and achieve the goal of Aatmanirbhar Bharat, Vocal for local and Make in India. Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with the State / UT Governments in a phased manner to achieve this objective.

In this context, One District One Product (ODOP) initiative has now been merged with the earlier 'Districts as Export Hubs' - the first such initiative of Government of India which tries to target export promotion, manufacturing and employment generation at grass root level and has made States and Districts accountable for the export growth from the Districts in the country.

Export promotion was never a focus area in the rural areas or far fledged areas of the country. Through this initiative, Government of India intends to contribute to the Aatmanirbhar mission by significantly increasing the manufacturing and exports from urban areas while focusing on generating interest and economic activity in the rural hinterland and small towns in the country to push new businesses to export.

**Approach**
In the initial phase, product/services (GI products, agricultural clusters, toy clusters etc.) with export potential in each District have been identified and institutional mechanism in the form of State Export Promotion Committees (SEPC) at the state level and District Export Promotion Committees (DEPCs) at the district level are being created to provide support for export promotion and to address the bottlenecks for export growth in the Districts.

Specific action plan to grow exports are being finalized by the DEPC in each District through District Specific Export Action Plans. State export strategy/policy and state agricultural plans are also being finalized by the States/UTs. The District-wise export data is now being generated by the ICEGATE/DGCIS to track the export performance from each District.

**Expected Impact of the Scheme**
Coordinated and synergized effort towards trade and export promotion by the Central Government, State Governments and the District administration would enhance manufacturing activities, promote goods and services exports, support MSMEs and local artisans/craftsmen, broaden coverage of e-commerce linkages with Districts, promote GI products, improve logistics & agricultural sectors and support employment opportunities in the Districts, leading to wide-ranging economic benefits, including investment, manufacturing & export growth.

The creation of institutional framework in the form of SEPC and DEPC will further consolidate the efforts for export promotion and trade facilitation through single window to provide accessible information and support to exporters. The implementation of District Export Action Plans will lead to improvement in trade logistics and infrastructure, information dissemination among local business to scale up and start exporting. The quantifiable targets identified in the DEAPs will guide the various government agencies both at the Center and the State/UT to work collectively to resolve issues faced by the exporters of the District.

District wise baseline data has been started from September 2020 onwards. This will help in monitoring the progress made in terms of export performance from the Districts.

In the next 3 to 5 years, it is targeted that export growth of double digits is registered from 500 Districts of the country, with significant growth in the exports of identified products/services from each District.

**Way Forward**
The District Export Action Plans notified by the DEPCs in each District will be translated into tangible action on ground and adequate support will be provided by the Department of Commerce/DGFT to assist States/Districts in this regard. DGFT has developed a “Developing Districts as Export Hubs” Portal to monitor the progress under this initiative.

A database of all potential exporters in each District will be developed and an interface with the Indian Missions abroad will be built to provide them access to exporters in each District for them to market it outside India and find potential buyers. DGFT’s District Export Hub portal will be developed to further assist local industry to seek information specific to the products identified in the District and showcase their products.

State/UT Governments will be assisted by DGFT in preparing an annual “Export Ranking Index” of different districts in a particular State/UT to rank each district on its export competitiveness. A “District as Export Hub” Mobile App for easy access of Export related information under this initiative is also being planned.

**Thrust to Make in India**
The ODOP programme and the various sub schemes launched by the Government will focus on promoting local manufacturing by giving a much-needed support to Micro, Small and Medium Enterprises (MSMEs). The programme is particularly supportive in providing quality training to the youth and in turn generate employment in the state.

The ODOP programme provides a holistic solution to the makers of the products. Making the lives of common people better, the programme is an empowering example of the country’s efforts towards Make in India initiative.

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Avail of more detailed information on Export Promotion Initiatives @ TEXPROCIL

Please Visit our website: www.texprocil.org | email: info@texprocil.org
**COUNTRY UPDATE**

**India’s trade in Textile & Apparel with Germany**

Mr. Shailesh Martis, Joint Director, TEXPROCIL explores the immense potential for exports of Textiles & Apparel from India offered by the Germany T&A Market.

Germany is a world leader in the global textile and fashion industry. Despite being one of the top world exporter of textiles, the country is also a net importer; which continues to be the two-geared reality of the sector. Energy efficiency in production and prowess in technical textiles have been the key features of German textiles industry.

**German textile and apparel arket**

The textile industry in Germany consists mainly of small- and medium-sized businesses, who have experienced enough difficulties in the post-liberalisation era in adjusting their business models. Compared to the Clothing sector, the damages on Textiles were limited thanks to the manufacturers bet on value-added products.

Output cost structure and competition from Asia naturally pushed manufacturers to rethink their long-term strategy and positioning, in line with the German industrial policy. Manufacturers have focused their efforts over two goals: energy efficiency and upgrading production outputs. Germany has one of the most expensive electricity prices in the EU costing almost +8% more than the European average.

The other main cost driver is raw materials. There is such a disparity in price volatility between cotton and man-made fibers, the shift of manufacturers’ production to synthetic outputs is unsurprising. Because Asian countries also position themselves on this segment, with much cheaper prices, German manufacturers ventured towards technical fabrics. Thus, textile weaving production declined over the years, while non-woven and technical fabrics grew over the same period.

Now, intelligent or technical textiles represent 50% of textile revenues and 40% of the T&C production. Germans have an undoubted competitive advantage on the technical textile segment, as the world largest exporter of technical textiles. The move has been hugely successful — the country now makes up 45% of the technical textiles market.

**Trade Data**

Germany’s total textile and apparel (T&A) imports have remained stable over the last three years at an average of $55 billion with imports in 2020 at US$ 57 billion. Exports on the other hand have been stagnant at an average of US$ 37 billion.

Apparel is the largest imported category in Germany, representing 64% of total textile and apparel imports at US$ 37 billion. This is followed by cotton textiles and man-made & other fibres with a share of 19% and 17% respectively. Top 10 suppliers account for 70% of textile and apparel imports by Germany. China is the largest supplier accounting for a 30% share, followed by Bangladesh (11%) and Turkey (8%). India’s share in Germany’s textile and apparel imports is only 3.3% with approx. US$ 1,932 million.

Apparel is the largest category with a share of 71% with US$ 1380 million in India’s total exports of T&A to Germany. This is followed by cotton textiles, carpets and man-made textiles having a share of 14%, 6% and 2.2% respectively.

Germany’s import of Cotton Textiles (including Madeups) from India in 2020 amounted to US$ 264 million out of which cotton made-ups was the major contributor with US$ 200 million making India the fourth largest supplier to Germany after China, Pakistan and Turkey. A table showing the imports of Germany from the world and India under Chapter 63 is enclosed for your reference. Imports from India were under HS 6304, 6307 and 6302 which is mainly bed linen, bath linen, table and kitchen linen.
Indian Home Textiles Update

To evaluate the various requirements of the home textile industry / retail in EU and Germany, Texprocil regularly participates under MAI Scheme in the ‘Heimtextil’ Fair that is held every year in January. The Council takes an Indian delegation of home textile suppliers comprising MSME companies to exhibit at the Fair.

Much of the bed linen sourced in Germany is made from micro polyester which is supplied largely by China. Cotton-poly-sheetings are supplied by Pakistan while cotton based bed linen are mostly supplied by India and Pakistan.

With a higher in-home consumption due to increased periods of stay-at-home and a sharper focus on health and hygiene amid the pandemic, there is potential for Indian home textile exporters to increase their exports in bed linen, towels and masks.

Many of the home textile suppliers from India are focussing on meeting the sustainable requirements of the EU including Germany. Bed linen made from recycled materials like PET bottles, worn clothes etc. are on the rise due to a high demand in developed markets. Beside hygiene and health, leading Indian manufacturers are also expanding their bed linen range to provide “Top of the Bed” products like duvet covers.

Tariff

Although India has considerable advantage in terms of manpower availability and raw material supply, it loses out on tariff as Pakistan, and Bangladesh enjoy duty free access. The signing of the Vietnam-European Union (EU) free trade agreement (FTA), will now allow Vietnam to emerge as a leading supplier of textile and apparel to the EU. This will further affect the share of other suppliers like India in the process. If the duties are on par with competitors then India can double its home textile exports to Germany.

Way Forward

- Virtual Meetings can be held between Indian home textile manufacturers and leading importers of home textiles in the region.
- Woven cotton fabrics can be sourced and converted to garments through an Outward Processing Program in nearby regions / countries
- Cotton and cotton yarn can also be supplied to weaving units
- India can also supply technical textiles in the Meditech, Geotech and Sportech segments

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To obtain more details on German T&A Market,
kindly get in touch with Mr. Shailesh Martis, Joint Director,
TEXPROCIL on email : shailesh@texprocil.org

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**Policy & Procedures Update**

**Scheme for Manufacturing under Bond**

By A. Ravi Kumar, Joint Director, TEXPROCIL

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**An overview**

To attract investments into India, strengthen the initiative of "Make in India" and to promote “Ease of Doing Business”, the Government has launched a scheme called as "Manufacture and other operations in a Customs Bonded Warehouse".

**Scheme**

Under this scheme, which is based on Section 65 of the Customs Act, 1962, a manufacturing unit can import goods (both inputs and capital goods) under customs duty deferment with no interest liability. There is no investment threshold or export obligation. The duties are fully remitted if the goods resulting from such operations are exported. Import duty is payable only if the resulting goods or imported goods are cleared in the domestic market (ex-bonding).

**WTO compatible**

Schemes such as Special Economic Zones (SEZs), Export Oriented Units (EOUs), Export Promotion Capital Goods (EPCG) etc. were introduced with the broad objective of promoting manufacturing and exports from the country. However, these schemes has been challenged by the US before the World Trade Organization (WTO) and therefore the focus of the Government has now shifted to the scheme of "Manufacturing in Customs Bonded Warehouse”. This scheme is WTO-complaint as it is not contingent upon exports.

**Advantages of Bonded Warehousing**

(i) **Single Point Approval**

Commissioner of Customs act as the single point of contact for all approvals.

(ii) **Common Form**

Common application form cum approval form for a licence for private bonded facility and permission for manufacturing and other operations.

(iii) **Unlimited period of warehousing**

Capital goods and non-capital goods (raw-materials, components etc.) can remain warehoused until clearance or consumption.

(iv) **No geographical restriction**

New manufacturing facility can be set up or an existing facility can be converted into a bonded manufacturing facility irrespective of its location in India.

(v) **Easy compliance**

Maintain all records of manufacturing and other operations digitally in a single format.

**Eligibility for applying for manufacture and other operations in a bonded warehouse**

The following persons are eligible to apply for manufacture and other operations in a bonded warehouse -

(i) A person who has been granted a licence for a warehouse under Section 58 of the Customs Act, in accordance with Private Warehouse Licensing Regulations, 2016.

(ii) A person can also make a combined application for licence for a warehouse under Section 58, along with permission for undertaking manufacturing or other operations in the warehouse under Section 65 of the Act. The persons mentioned have to be a citizen of India or an entity incorporated or registered in India.

**Operation under the scheme**

(i) **Capital Goods**

A unit licensed under Sections 58 and 65 can import capital goods and warehouse them without payment of duty. Manufacture and other operations in a bonded warehouse is a duty deferment scheme. Thus both BCD and IGST on imports stand deferred till they are cleared from the warehouse for home consumption or are exported. The capital goods can be cleared for home consumption on payment of applicable duty without interest. The capital goods can also be exported after use, without payment of duty. The duty deferment is without any time limitation.

(ii) **Inputs/ Raw-materials**

Inputs/raw materials can be imported and deposited in the licensed warehouse without payment of BCD and IGST. The import duties (both BCD and IGST) stand deferred till they are cleared from the warehouse for home consumption. No interest liability arises when the duties are paid at the time of ex-bonding the resultant goods. The duties (without any interest) are to be paid only when the resultant goods are being cleared for home consumption.

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**Avail of more detailed information on**

EXIM POLICY @ TEXPROCIL

Please Contact: GREIVANCE REDRESSAL CELL

email: ravikumar@texprocil.org
(iii) Export of finished Goods

When finished goods are exported, in addition to the waiver of BCD + IGT on the imported goods used, the GST on the finished goods can be zero-rated.

Export benefits under FTP and Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (IGCR)

The eligibility to export benefits under FTP or IGCR would depend upon the respective scheme. A unit operating under Section 65 can avail any other benefit, if the benefit scheme allows.

Valid of the Licence

The licence and permission granted is valid unless it is cancelled or surrendered. No renewal of the licence is required.

Procedure for surrender of licence

A licensee can surrender the licence granted to him by making a request in writing to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be. On receipt of such request, the licence will be cancelled subject to payment of all dues and clearance of remaining goods in such warehouse.

:: TEXPROCIL ::
Policy Amendments / Updates

(1) ROSL Scheme - Last date for filing applications
The last date for submitting applications for duty credit scrips under the ROSL scheme for shipping bills with LEO date from 1.10.2017 to 06.03.2019 is 30.06.2021 and for shipping bills with LEO date before 1.10.2017 is 31.12.2021. (Ref.: DGFT PN dated 43/2015-20 dated 17.03.2021).

(2) IEC
Exporters are required to update the details (changes) on their IEC. The updation need to be done during the period from April to June. In case, there are no changes in the IEC details, the same need to be confirmed. An IEC shall be de-activated if the details are not updated within the prescribed timeframe. (Ref: DGFT Notification No.58 /2015-20 dated 12.02.2021).

(3) GST
(i) IGST Refund on Exports - Extension of the facility to rectify Error - SB 005
Facility of Officer Interface to resolve Error - SB005 (Invoice mis-match errors) have been extended on a permanent basis. Exporters can now avail the facility in respect of all the past shipping bills irrespective of the date of filing, on payment of a fee of Rs. 1000/- (Ref: CBIC Circular No. 05/2021 – Customs dated February 17, 2021).

(ii) Refund of IGST on exports in case of GSTR-1 and GSTR-3B mis-match error
Facility for sanction of pending IGST Refund claims in those cases where the records have not been transmitted to ICEGATE due to GSTR-1 and GSTR-3B mismatch error, have been extended to all the shipping bills filed during the financial year 2019-20 and 2020-21 i.e in respect of the Shipping Bills filed / to be filed till 31.03.2021. (Ref: CBIC Circular No. 04/2021-Customs dated 16.02.2021).

(iii) Last date for filing Annual Returns for 2019-20 under GST extended
The last date to file Annual Returns under GST for 2019-20 have been extended from 28.02 2021 to 31.03.2021 (Ref: CBIC Notification No. 04/2021 – Central Tax dated 28.02.2021).

(iv) E-Invoicing
E-Invoicing made mandatory from April 1, 2021 for businesses with a turnover of more than Rs.50 crores. (Ref: CBIC Notification No. 05/2021- Central Tax dated 08.03.2021).

:: TEXPROCIL ::

TEXPROCIL Marketplace is a new section being introduced on the Council’s website (www.texprocil.org) which attracts 40,000 visitors annually. Being an online B2B Textile Platform for Direct Sourcing, the virtual platform will facilitate listing of supplier companies’ products & services along with relevant photographs.

TEXPROCIL Marketplace will be popularised across the global textile industry using digital means of communication.

Companies interested in obtaining a global exposure to promote their products/services may kindly register at the earlies and avail of the benefits presented by TEXPROCIL Marketplace!

For more information please contact:

The Cotton Textiles Export Promotion Council
5th floor, Engineering Centre, 9, Mathew Road, Mumbai – 400 004 India
T. 91-22- 49444000, 2363 2910 to 12
F. 91-22-23632914
Email : mktg@texprocil.org
Website : www.texprocil.org
As pointed in the Part 1 of this article that appeared in the previous issue of this e-publication, a lot of problems, countless defects ranging from drop stitches to color shading variation may occur during production of fabrics.

The earlier article did help to identify where these kinds of fabric defects come from and how one can prevent these defects from negatively impacting fabric quality. To further help to develop an understanding on another set of fabric defects we continue with the list of the remainder common fabric defects for information of our avid readers.

1. SPLICING - Splicing is the overlapping of the cut ends of two pieces of fabric (the end of one length of fabric and the beginning of another) to ensure continuous spreading. Splicing is necessary as one roll of fabric finishes and the next is taken into use. But these overlapping ends of fabric produce a waste material in manufacturing. Splicing losses can vary up to five percent of total fabric usage. Importers can ensure greater manufacturing efficiency by minimizing splicing in their fabric.

Causes: The position of the splice in a roll of fabric often depends on the overall fabric quality. Splicing is often used to compensate for other fabric defects, like stains or holes, by removing these from the final roll.

Prevention: Improving overall fabric quality and preventing other fabric defects can often help to minimize splicing losses. Setting a maximum length tolerance for splicing in each roll of fabric with the supplier can help to clarify the end expectations (e.g. no more than one splice every 30 meters). Be sure to consult the suppliers on this tolerance before production to ensure it is achievable.

2. HOLES - A hole is an imperfection where one or more yarns are sufficiently damaged to create an opening in the fabric.

Holes are typically treated as a major defect in the fabric and are assigned either two or four penalty points during fabric inspection, depending on their size.

Causes: Holes are usually caused by an accidental cut or tear to the fabric. Broken needles or rough mechanical parts are common culprits for fabric tearing during manufacturing.

Prevention: Prevent future holes by ensuring the supplier has procedures in place to regularly check needles and machinery prior to production.

3. DEFECTIVE SELVAGE (CUT, WAVED OR CREASED) - Selvage is the densely woven edge of a piece of fabric. Most often used in reference to woven fabrics, the selvage is supposed to keep the fabric from unraveling or fraying. Selvage can be defective in a number of ways, including cut, waved or creased. Cut selvage might also be referred to as broken selvage or ripped selvage.

Causes: There are two main culprits for defective selvage: An incorrect loom adjustment during weaving, improper edge construction

Prevention: Correctly adjusting the loom and properly constructing the edges of the fabric should prevent this defect.

4. SNAGS - A snag is a part of the yarn that is accidentally pulled or plucked from the surface. Usually it appears as a large loop of yarn above the surface of the fabric. In warp knits, the snag occurs in the wale direction. In weft knits, the snag occurs in the course direction.

Causes: In the case of continuous filament yarns, snagging is typically caused by mechanical strain during knitting. Sharp points and objects can cause the fabric snag at any time. Inspect the fabric contact points on all the processing machines to identify and fix any sharp points. Some fabrics are more prone to snagging than others due to their composition.

Prevention: Conducting a mace snag test can help to determine
a fabric’s resistance to snagging. During this test, a miniature mace (a spiked ball) will track randomly across a fabric sample to predict actual wear and snagging.

5. THICK PLACE/THIN PLACE - These are unintentional changes in fabric appearance as compared to adjacent construction. If the thick or thin place is more than one inch wide, it is typically classified as a major defect in fabric inspection. A thick place will appear as a small area of more closely spaced yarns or by a congregation of thick yarns. A thin place is the opposite, as the fabric will appear to have loosely spaced yarns or a congregation of thin yarns.

Causes: Main causes of thick and thin places include: Irregular let-off, Incorrect setting of holding and releasing pawls on the ratchet wheel of take-up motion, Gears of take-up motion not meshing properly, Gear wheel teeth worn out or broken

Prevention: Ensuring proper training of factory personnel to set the let-off and/or take-up motion properly can help prevent this fabric defect.

6. BOWING AND SKEWING - Bowing is a condition in woven textiles where filling yarns are displaced from a line perpendicular to the selvages and lie in an arc across the width of the fabric. Bowing appears as rows of courses or yarn-dyed stripes forming a bow shaped curvature along the fabric width. Skewing is a similar condition in which filling yarns are angularly displaced from a line perpendicular to the edge or side of the fabric. Bowing and skewing affects striped or patterned fabric quality more than for solid color fabrics, as the greater contrast in patterns makes the distortion more prominent.

Causes: Bowing and skewing can be caused by an uneven distribution of tension across the fabric width during dyeing or finishing processes. Improper stretching during scouring, dyeing or finishing might also cause bowing or skewing.

Prevention: Correcting the tension settings on processing machines should rectify these defects. The supplier can also be asked to fix bowing and skewing found during fabric inspection by reprocessing the fabric through a compactor or straightening machine.

7. NEEDLE LINES - Needle lines appear in weft knit fabrics, and appear as prominent vertical streaks or lines in the fabric.

Causes: Defective needles are a direct cause for needle lines. Needle latches, hooks or stems might be: Mixed, New, Dirty or contaminated with lint, Bent, Worn. If needle lines occur individually, there may be the likely need only to trace the needle line to the associated defective needle and replace it to prevent further needle lines. If needle lines appear in a band, there may be the likely need to replace multiple defective needles. An improper dial or cylinder condition with the machine might also cause needle lines.

Prevention: Verify that the supplier has established and maintained proper maintenance and cleaning policies to prevent future issues with needles and equipment.

8. COARSE PICK - A coarse pick is where the filling yarn used in the fabric is unusually large in diameter. This defect is also known as coarse filling or thick filling. Coarse pick is usually classified as a major defect during fabric inspection.

Causes: Probable causes for coarse pick include: Lashing of broken end with adjoining end at roving frame

Prevention: Disturbed weight of back-top rollers at roving frame and ring frame cause the material to slip under the back-top roller and create a coarse yarn. This needs to be avoided.

9. COARSE END - Coarse end appears in fabric with warp yarn. Also known as heavy end, this is when the warp end is larger than normal in diameter, even sometimes double in size. The opposite is a fine end, when the warp end is smaller in diameter than normal. The diameter of the yarn is too large, irregular or contains foreign material, which inhibits a smooth, even fabric.

Causes: Disturbed weight of back-top rollers at roving frame and ring frame cause the material to slip under the back-top roller and create a coarse yarn. This needs to be avoided.
Causes: Coarse end is caused when two bobbins of roving (wool that has been run through a mill on a carding machine) are running together during spinning. The process of running two bobbins together during spinning is commonly referred to as doubling and is used to remove variations in thickness.

Prevention: To prevent coarse ends, ensure there are no knots, irregularities or foreign materials in the roving prior to doubling.

10. BROKEN PICK - This defect appears as a broken filling yarn in the fabric weaving. It appears as a sharp discontinuity in the weave pattern over the pick length.

Causes: A broken pick is the result of a break or cut in filling yarn, which results in the insertion of a partial pick in the fabric. This can happen after weft break, weft exhaustion or a faulty weft fork mechanism. Correcting weft stop motion will ensure broken picks are detected before they’re inserted into the fabric.

Prevention: Ensuring weaving personnel are trained to identify and replace a broken pick during production can also help prevent the appearance of this defect in the finished goods.

11. BROKEN END - A broken end appears as a broken, untied warp end of a fabric. The yarn is usually broken during weaving or finishing. Broken ends appear as equidistant horizontal lines along the fabric width.

Causes: This defect is caused by yarn breakage. When the yarn breaks during weaving or finishing and is then woven into fabric the result is a broken end.

Prevention: Some possible intervention to prevent broken ends include avoiding poor preparation, looking out for weak or irregular yarn, and preventing excessive warp tension.

12. MISSING END/END OUT - This defect will appear in fabric as a fine warp-way crack until the weaver rectifies it. A missing end typically appears at the selvage of the fabric. Missing end is also known as “end out” and is typically classified as a major defect during fabric inspection.

Causes: A missing end occurs when an extra piece of filling yarn is jerked into the fabric by the shuttle. This happens when a warp yarn is broken or missing during weaving. The fabric may end up with missing ends if a weaver improperly draws broken ends in place or the warp stop motion isn’t properly functioning.

Prevention: Weaving should stop immediately when a yarn breaks to prevent introducing missing ends into the fabric.

13. FILLING BAR - A filling bar, also known as a weft bar, is a visual band or bar across the full width of fabric. The area will contain less than the normal number of picks, appearing different from the rest of the fabric.

Causes: There are three main causes of a filling bar: Defective spinning processes that lead to a variation in the count of weft yarn, Mixing of different counts or different twist yarns, Faulty take up motion on the looms

Prevention: Ensure that the supplier has proper controls and organizational processes to eliminate mix-ups and segregate yarn to prevent this fabric defect. In addition, ensure proper operation of spinning and loom machinery to eliminate mechanical causes.

CONCLUSION

Whatever be the end application of fabric – garmenting or home textile production, a clear understanding of the various types of fabric defects will help to prevent them. Learning how to identify various fabric defects and their causes can help to ensure that the fabric quality meets the required standards.

(Source: Asia Quality Focus)

:: TEXPROCIL ::

Kindly send your feedback / suggestions on email: shallesh@texprocil.org
Dear Member,

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**

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>:</th>
</tr>
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<tbody>
<tr>
<td>Contact Person &amp; Designation</td>
<td>:</td>
</tr>
<tr>
<td>TEXPROCIL Membership (RCMC) No.</td>
<td>:</td>
</tr>
<tr>
<td>Email Address &amp; Website</td>
<td>:</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Membership</th>
<th>Rate Here</th>
<th>Trade Development</th>
<th>Rate Here</th>
<th>Trade Promotion</th>
<th>Rate Here</th>
<th>Trade Services</th>
<th>Rate Here</th>
<th>Trade Intelligence</th>
<th>Rate Here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedure for New Membership</td>
<td>[ ]</td>
<td>Publication: E-Newsletter</td>
<td>[ ]</td>
<td>Intl. Fairs &amp; Events</td>
<td>[ ]</td>
<td>Certificate of Origin</td>
<td>[ ]</td>
<td>Interactive Website</td>
<td>[ ]</td>
</tr>
<tr>
<td>Membership Renewal</td>
<td>[ ]</td>
<td>E-serve</td>
<td>[ ]</td>
<td>Seminars &amp; Workshops</td>
<td>[ ]</td>
<td>Grievance Redressal Services</td>
<td>[ ]</td>
<td>E-News Clippings</td>
<td>[ ]</td>
</tr>
<tr>
<td>RCMC Amendment</td>
<td>[ ]</td>
<td>Circulation</td>
<td>[ ]</td>
<td>MDA/MAI Schemes</td>
<td>[ ]</td>
<td>Information on Exim policy / Amendment DBK</td>
<td>[ ]</td>
<td>Information Disseminated</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

2) a. Are you generally satisfied with the services actively availed by your company and marked above? Tick (✓)

   YES [ ] NO [ ]

   Suggestions:

b. If you have replied ‘no’ above, please suggest how the Council can improve the services (use additional sheet if required)

3) How is your company benefitting from the Exhibitions / BSMs being organized by the Council? Tick (✓)

   Accessing new Markets [ ] Generating additional business [ ]
   Making new Contacts (Trade Enquiries) [ ] Any Others [ ]

   Others (Pls. Specify):

4) How is your company benefitting from the Export Facilitation services being provided by the Council?

   Information on Export Policy / Procedures [ ] Responses to various EXIM queries [ ]
   Redressal of Trade related grievances [ ] Any Others [ ]

   Others (Pls. Specify):

5) Have you recommended TEXPROCIL Membership to other companies? Tick (✓)

   YES [ ] NO [ ]

   Suggestions:

6) Do you have any other suggestions to offer regarding TEXPROCIL Member Services? (use additional sheet if required)

   Suggestions:

*Kindly ignore this feedback form, if you have already responded.
(A) Renewal of Membership - Annual Subscription Fees
For Renewal of Membership, an Annual Membership fee is to be paid. Details of Annual Renewal Subscription Fees are as follows:

<table>
<thead>
<tr>
<th>Type of Membership</th>
<th>Amount (Rs.)</th>
<th>GST @ 18%</th>
<th>Total Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member (with Voting Right)</td>
<td>11000/-</td>
<td>1980/-</td>
<td>12980/-</td>
</tr>
<tr>
<td>Registered Textile Exporter</td>
<td>6000/-</td>
<td>1080/-</td>
<td>7080/-</td>
</tr>
</tbody>
</table>

(B) Payment of Renewal Subscription Fees
Payment of Renewal Subscription fee for the year 2020-2021 can be made online. Bank details for online payment are as follows:

<table>
<thead>
<tr>
<th>Account Name</th>
<th>The Cotton Textiles Export Promotion Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>Bank of Baroda</td>
</tr>
<tr>
<td>Branch</td>
<td>Opera House Branch, Mumbai-400004</td>
</tr>
<tr>
<td>Account No.</td>
<td>04090200000927</td>
</tr>
<tr>
<td>IFSC Code</td>
<td>BARB0OPERAH (Fifth character is zero)</td>
</tr>
</tbody>
</table>

After payment, send the details of online payment by Email in the following format on the following email ID: smita@texprocil.org.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Registration No.</th>
<th>GST No.</th>
<th>UTR No.</th>
<th>Name of Bank</th>
<th>Amount of Transfer</th>
<th>WhatsApp No.</th>
</tr>
</thead>
</table>

(To receive handy and timely information from TEXPROCIL)

Also send a scanned copy of Bank Payment Advice by email on the Email ID: smita@texprocil.org immediately after receiving the Payment details, the membership will be renewed.

(C) Renewal of RCMC that has expired
We are glad to inform you that the Council has put in place an online system for renewal of Registration-Cum-Membership Certificate (RCMC). Renewal of RCMCs can be made online and after processing, the Renewed RCMC will be available to you online. The Original renewed RCMCs will be sent to you once our office opens and starts functioning after the lockdown.

Steps to be followed:
Upload self-attested scanned copies of the following documents online on TEXPROCIL’s website (www.texprocil.org) through Member login and send a renewal request by Email on the Email ID smita@texprocil.org (In case the RCMC has expired):

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 DIR-12 or Board Resolution for those who have resigned or newly appointed.
5. Copy of old RCMC
6. Copy of GST Registration Certificate (if not submitted earlier)
7. Payment advice of Annual Subscription for the year 2020-2021

Or
Alternatively, send self-attested scanned copies of the above documents by Email on the Email ID smita@texprocil.org

:: TEXPROCIL ::