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TRENDS IN GLOBAL TRADE



GLOBAL TRADE (2015-2016) FOR COTTON WOVEN FABRICS : ITMF REPORT

CHAIRMAN'S MESSAGE



Dear Friends,

The month of August brings back many memories associated with India's struggle for independence culminating in India celebrating its Independence Day on 15 August, every year. This year marked the 70th year of our Independence which was celebrated with gusto all around, marked by the Hon'ble Prime Minister's speech from the Red Fort, outlining the steps taken by the Government in terms of implementing various programs.

Special Package for Garments

As regards the Textile & Clothing sector, the Government implemented the "Special Package" for the Garment sector by issuing all the relevant notifications in this regard before the Independence Day.

Notifications relating to reimbursement of state levies, drawback amounts

applicable for imports under the Advance Authorization Scheme, amendments in the labour laws, and rebate under the Income Tax Act for new employment have all been issued.

In fact, attaching great importance to the expectations for generation of additional employment from the Garment sector, the Hon'ble Finance Minister, while moving the amendments in Section 80JJAA of the Income Tax Act, 1961 on August 10, stated in Parliament that "the incentive is aimed at making Indian Apparel Industry competitive... I am sure with these incentives, the industry would be able to contribute a large number of jobs".

Path-breaking Package

Friends, the "Special Package" given to the Garment sector is path breaking. After a long time the policy makers at the highest level have recognized the potential of the Textile sector, especially Garments to generate mass employment in the country. We hope that the Garment industry lives up to the expectations of the Government

and delivers the promised 1 crore jobs combined with increasing exports from the present level of US\$ 17 billion to US\$ 30 billion in the next three years.

Extension of the "Special Package" to other sectors in the textile value-chain

While, the "special package" has at present been extended to the Garment sector, the Council is making efforts to get Madeups included in the package as it also represents the value-added sector of the textile value chain and is as labour intensive as the Garment sector. We have made representations to the Ministry of Textiles and are quite hopeful about its inclusion in the new textile policy to be announced shortly.

Exports during April - July 2016 period

Even as we discuss the various packages and their implementation, the data relating to exports for the month of July show that overall merchandise exports contracted by (-) 6.8%, belying hopes of a rising trend

CHAIRMAN'S MESSAGE

CONTINUED FROM PAGE 1

after out bound shipments increased 1.3% in the previous month of June, the first increase in 19 months.

On an aggregate basis for the period April- July, 2016, exports of Textiles & Clothing have shown a decline of (-) 4.19%. The Cotton Textile sector with which we are concerned has registered a decline of (-) 8% during this period. Exports of Garments during this period have also declined by (-) 4.98%

Need for urgent measures to arrest declining trend in exports

Cotton Yarn: Considering these worrisome trends in exports of cotton textiles, we have requested the Government to extend the MEIS and Interest Subvention benefit to Cotton Yarn with immediate effect.

In order to maintain India's "core competency" in the Spinning sector, the Government should also take steps to ensure that cotton is made available at international prices and an adequate stock- to - use ratio is maintained. The various surcharges on electricity along with electricity duty and other state levies should also be reimbursed along with the duty drawback rates.

Cotton Fabrics: In the case of Cotton Fabrics, we have suggested that the embedded State levies should be reimbursed immediately which work out to 4.5% – 5 % of FOB value. Government has accepted the principle of reimbursing State levies and also defined it in the notification issued with respect to Garments. The same principle should be extended to the textile sector as a whole.

Level - Playing Field

Friends, as India is blessed with a long value chain in the textile sector, unlike other countries, it is necessary for the Government to provide a level-playing field for all the segments of the textile economy to grow in a balanced manner.

Permission for duty- free imports of fabrics with the added benefit of duty drawback granted to Garment manufacturers should be balanced by ensuring that the domestic producers of fabrics are not hurt and are able to retain their competitiveness.

For this purpose, all the disabilities effecting fabric manufacturing should be removed so that the industry can feel encouraged to make investments both by using domestic resources and inviting foreign collaborations.

A truly "composite policy" aimed at all round development of the entire textile value- chain can only lead to the success of the "MAKE IN INDIA" campaign of the Government.

Meeting with Drawback Committee in Mumbai

The Duty Drawback Committee set up by the Government is scheduled to visit Mumbai on 26-27 August to discuss proposals for refunding duties and levies for the Fabrics/ Made-ups sectors. The Council will make a presentation to the Committee on refunding all the levies including State level duties in line with the Garment package. We look forward to a fruitful meeting and a favorable consideration of our proposals.

Summing- Up

Friends, we are all functioning in an era where growth in world trade is expected to remain subdued & sluggish. According to economists at the WTO, imports in the developed countries should be moderate while demand for imported goods in developing Asian economies should pick up. The "Special Package" for Garments should lead to an increase in imports of fabrics, accessories and an assortment of consumables and embellishments, as it is laced attractively with drawback rates.

Efforts should thus be made on a war footing to increase our exports of value- added products like Garments/ Madeups so that any imports of fabrics should be matched by higher consumption of domestically sourced inputs like yarns and fabrics.

Simultaneously, key elements of the "Special Package" like reimbursement of state levies, reforms in labour laws, extension of income tax credits for generating new employment should be extended to the entire textile value chain , so that all the segments can grow in a healthy manner.

It is only when we succeed in doing this, can we truly realize the vast potential of the Textile & Clothing sector to deliver on all it's promises.

R K Dalmia
Chairman

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COVER STORY

TRENDS IN GLOBAL TRADE (2015-2016) FOR
COTTON WOVEN FABRICS : ITMF REPORT

In Q1 2016, worldwide exports of cotton woven fabrics fell by nearly 16% quarter-on-quarter to the lowest value since Q1 2015. However, most of the decline can be attributed to seasonal factors. Exports in the first quarter of a year tend to be much lower than compared to the preceding and the following quarter.

The prime reason for this seasonal pattern seems to be China, which accounts for over 50% of worldwide exports. During China's New Year festivities, usually around the end of January or beginning of February of every year, factories around the country shut down and millions of workers return to their hometowns for the celebrations. This subsequently affects economic activity as well as exports and imports. During the period 2002 to 2016, Chinese exports of cotton woven fabrics declined on average by 16% quarter-on-quarter.

GLOBAL EXPORTS OF COTTON WOVEN FABRICS

The mean annual growth rate of exports of Cotton Woven fabrics for the period 2010 to 2015 recorded a marginal decline of 0.2%. In the year 2015, the exports decreased by 8.8% to reach a level of 19.8 billion USD.

Table 1 below gives an account of top ten exporters for cotton woven fabrics. It can be seen that the top ten countries recorded negative growth in 2014-2015 in the exports of cotton woven fabrics.

Table 1. Top ten exporters for cotton woven fabrics

Countries	Value in million USD, 2015	Mean annual growth rate (%) 2010-2015	Growth 2014-2015, % yoy	World share %	
					Cumulative
Reporting total (85 countries)	19'826.3	-0.2	-8.8	100.0	
China	10'721.1	3.0	-6.1	54.1	54.1
India	1'502.7	10.4	-11.5	7.6	61.7
Pakistan	1'218.7	0.8	-11.1	6.1	67.8
Hong Kong	908.9	-11.8	-12.0	4.6	72.4
Italy	867.2	-9.8	-24.9	4.4	76.8
Turkey	766.6	0.5	-15.5	3.9	80.6
Germany	635.9	-4.6	-23.4	3.2	83.8
United States	505.1	-1.5	-15.9	2.5	86.4
Japan	381.7	-5.3	-11.4	1.9	88.3
Thailand	306.9	-5.5	-11.0	1.5	89.9

Source: GTA

Indian records strongest growth in exports of cotton woven fabrics

China, India and Pakistan were the top exporters for cotton woven fabrics in 2015. They accounted for 54%, 7.6% and 6% of world exports, respectively. The top ten reporting countries accounted for nearly 90% of world exports.

As the yearly annual growth rates of exports are volatile, the mean annual growth rates for the period 2010 to 2015 deliver a clearer picture of the longer-term trends. During that period, **India experienced the strongest growth in exports of cotton woven fabrics with an average annual growth rate of 10%, much faster than China's growth rate of 3%.** Meanwhile, Hong Kong and Italy saw the weakest export performance among the group of top ten exporters with rates of decline of 12% and 10%, respectively.

GLOBAL IMPORTS OF COTTON WOVEN FABRICS

In 2015, imports of cotton woven fabrics declined in value terms by over 15% year-on-year to a level of 10'540 million USD. Table 2, shows that the decline in imports in 2015 was much steeper than the mean annual decline rate for the period 2010 to 2015 of 5.6%. The USA was the only country of the ten largest importers that reported an increase for 2015. Germany, in contrast, experienced the strongest decline of the ten top importing countries.



TEXPROCIL E-NEWSLETTER

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COVER STORY

(CONTD FROM PAGE 3)

TRENDS IN GLOBAL TRADE (2015-2016) FOR COTTON WOVEN FABRICS : ITMF REPORT

Table 2. Top ten importing countries for cotton woven fabrics

Countries or area	Value in million USD, 2015	Mean annual growth rate (%) 2010-2015	Growth 2014-2015, % yoy	World share %	
					Cumulative
Reporting total (85 countries)	10'539	-5.6	-15.3	100.0	
Bangladesh	2'060	10.2	-0.61	9.5	19.5
Vietnam	1'452	3.5	-19.4	13.8	33.3
China	832	-8.8	-18.7	7.9	41.2
Hong Kong	796	-12.6	-19.3	7.5	48.8
USA	702	1.2	1.4	6.7	55.4
Italy	666	-5.9	-20.2	6.3	61.8
Indonesia	657	-2.3	-6.0	6.2	68.0
Germany	508	-2.5	-21.2	4.8	72.8
Turkey	494	-11.3	-20.6	4.7	77.5
Mexico	458	0.1	-9.9	4.3	81.8

Source: GTA

CHINA: DECLINING IMPORTS AND INCREASING DOMESTIC PRODUCTION

China, the third largest importer of cotton woven fabrics, reduced its imports by over 14% year-on-year in 2015 to a volume of 454 million meters. Table 3, shows that the value of imports fell even faster by nearly 19% to 832 million USD.

Table 3. Top five exporters to China

Partner Country	Volume in million meters	% Share 2015	% Change 2015/2014	Value in million USD	% Share 2015	% Change 2015/2014
	2015			2015		
World	454	100.00	- 14.20	832	100.00	-18.73
Pakistan	221	48.72	- 13.74	229	27.59	- 18.88
Japan	31	6.84	- 10.65	131	15.69	- 18.32
India	23	5.11	34.57	22	2.67	43.05
S. Korea	13	2.83	- 21.63	29	3.46	-18.58
Taiwan	10	2.24	- 21.77	30	3.63	-21.53

Source: GTA

Pakistan is by far the largest exporter to China accounting for nearly 49% of total Chinese volume imports, while it accounts for close to 28% of value imports. Japan and India are the second and third most important providers of cotton woven fabrics to China.

Chinese imports record decline

China's imports of cotton woven fabrics are trending downwards. Since Q4 2013, imports are decreasing annually and the pace of decline is even increasing. In Q2 2016, the volume of imports fell by 34% year-on-year and the value by over 24%.

The ongoing decline of Chinese imports of cotton woven fabrics coincides with a steady increase in the installed capacity of weaving looms and the ability of China's textile industry to manufacture its own cotton woven fabric products. From 2000 to 2015, the number of shuttle-less weaving looms increased from 61'000 looms to 805'000 looms.

These developments reflect the structural change in China's textile industry. Over the last few years there has been a significant increase in the domestic value-added content of China's textile exports. This possibly reflects an increasing ability to upgrade within the value-chain, either through increased specialisation in higher value-added activities or increased participation in domestic value-chains by upstream intermediate suppliers or indeed both. In 1995, over 43% of the total value of textile exports reflected foreign content. By 2011, this had fallen to 26% and, vice versa, the domestic value added share of gross textile exports climbed to 74%.

Rapid decline in Pakistani exports

The steady decline of China's cotton woven fabric imports affects Pakistan most. While Japan's exports to China are trending downwards since 2010, Pakistani exports managed peaked in Q3 2013 and since then they are declining.

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For more information on Global Textile Markets,
Please contact us on Email : info@texprocil.org



**SPECIAL
FEATURE**

**India's exports of cotton woven fabrics are rising
- ITMF REPORT**

In 2015, India's exports of cotton woven fabrics increased by 8% year-on-year reaching a level of 1'227 million square meters. In contrast, the value of exports measured in current USD fell by over 2% to 1'502 million USD.

Similar to China, Bangladesh is India's main export destination. The Bangladeshi share of total volume of exported Indian cotton woven fabrics amounted to 11% in 2015. The value share was even higher at 20%. The second most important importer for Indian cotton woven fabrics is Sri Lanka followed by Korea. Thereby, exports to Korea and Sri Lanka increased by nearly 48% and 13% annually, respectively.

However, the ranking list could change somewhat this year. In the first quarter of 2016, India's exports to Sri Lanka outperformed those to Bangladesh. Whether this pattern will hold during the next quarters remains to be seen. Interestingly, however, the value of exports to Bangladesh remains significantly higher than that to Sri Lanka. The chart shows also that exports to Korea are rising steadily since early 2013.

Positive export performance in India

Indian exports of cotton woven fabrics



Source: GTA

Table 1: Top five importer destinations for Indian cotton woven fabrics			
Partner Country	Volume in million square meters	% Share	% Change
	2015	2015	2015/2014
World	1'227.2	100.00	7.98
Bangladesh	136.5	11.13	- 7.87
Sri Lanka	111.7	9.10	12.58
Korea South	90.1	7.34	47.59
Togo	80.5	6.56	- 17.29
Senegal	63.6	5.18	36.94
Partner Country	Value in million USD	% Share	% Change
	2015	2015	2015/2014
World	1'502.7	100.00	- 2.09
Bangladesh	307.2	20.44	- 9.36
Sri Lanka	130.2	8.67	- 0.41
Korea South	79.7	5.31	38.97
Togo	72.9	4.85	- 19.91
Senegal	50.5	3.36	48.78

Source: GTA



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**SPECIAL
FEATURE**

**India's exports of cotton woven fabrics are rising
- ITMF REPORT**

Indian exports trend upwards in volume terms



Source: GTA

Indian exporters managed to increase total exports of cotton woven fabrics steadily since early 2010.

The volume of exports increased from around 150 million square meters to over 340 million. The export value, however, only kept up pace until the middle of 2014.

Since then it is trending downwards and puts pressure on profit margins.

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E-Serve No. 85 of 2016

August 17, 2016

Circular No.EPS/19/2016-17 To: Members of the Council

Dear Member,

The Ministry of Textiles has notified a new scheme for remission of State levies on export of garments falling under chapter 61 and 62 of the Schedule of All Industry Rates of Duty Drawback through the mechanism of rebate vide Notification dated August 12, 2016. The new scheme shall be called Scheme for Rebate of State Levies on Export of Garments 2016. The said scheme will come into operation from September 20, 2016 and shall remain in operation for a period of three years from that date.

The rates of rebate of the State levies including applicable caps shall be recommended by the Drawback Committee constituted by the Central Government and notified by the Ministry of Textiles.

A copy of above Notification can be obtained on email: ravikumar@texprocil.org for you information.

In case you need any clarification please contact Shri A.Ravi Kumar, Joint Director, TEXPROCIL.

Regards,

**Siddhartha Rajagopal
Executive Director**

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E-Serve No. 84 of 2016

August 16, 2016

Circular No.EPS/18/2016-17

To: Members of the Council

Dear Member,

CBEC has issued Circular No. 37/2016-Customs dated August 13, 2016 to operationalise the Special Advance Authorization Scheme announced vide DGFT Notification No.21/2015-20 dated August 11, 2016 and the All Industry Rates of Duty Drawback announced by CBEC vide Notification No.110/2016-Customs (NT) dated August 13, 2016 for the export of Apparel and Clothing accessories falling under Chapter 61 and 62.

The copy of Circular No. 37/2016-Customs dated August 13, 2016 can be obtained on email: ravikumar@texprocil.org for you information.

In case you need any clarification please contact Shri A.Ravi Kumar, Joint Director, TEXPROCIL.

Regards,

**Siddhartha Rajagopal
Executive Director**

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

2) a. Are you generally satisfied with the services actively availed by your company and marked above? Tick (✓)	YES	<input type="text"/>	NO	<input type="text"/>
b. If you have replied 'no' above, please suggest how the Council can improve the services (use additional sheet if required)	Suggestions:			

3) How is your company benefitting from the Exhibitions / BSMs being organized by the Council? Tick (✓)	Accessing new Markets	<input type="text"/>	Generating additional business	<input type="text"/>
<i>Others (Pls. Specify):</i>	Making new Contacts (Trade Enquiries)	<input type="text"/>	Any Others	<input type="text"/>

4) How is your company benefitting from the Export Facilitation services being provided by the Council?	Information on Export Policy / Procedures	<input type="text"/>	Responses to various EXIM queries	<input type="text"/>
<i>Others (Pls. Specify):</i>	Redressal of Trade related grievances	<input type="text"/>	Any Others	<input type="text"/>

5) Have you recommended TEXPROCIL Membership to other companies? Tick (✓)	YES	<input type="text"/>	NO	<input type="text"/>
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6) Do you have any other suggestions to offer regarding TEXPROCIL Member Services? (use additional sheet if required)	Suggestions:			
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*Kindly ignore this feedback form, if you have already responded.

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TRADE NOTIFICATION

TEXPROCIL MEMBERSHIP ANNUAL RENEWAL SUBSCRIPTION

The annual renewal subscription amount for the financial year 2016-2017 (due from 1st April, 2016) is as follows: -

- 1) **MEMBER EXPORTER** - RS. 11,500/- (MEM FEES 10,000 + S. TAX 1,500)
- 2) **REGISTERED TEXTILE EXPORTERS (RTE)** - RS. 5,750/- (MEM FEES 5,000 + S. TAX 750)

Special Discount: Texprocil is announcing a special discount scheme for those who wish to renew their membership for a period of 3 or 5 years as follows:

Period	Membership Fees		Discount Slab	Discounted Fees		Benefit to Exporters	
	RTE	Member		RTE	Member	RTE	Member
For 3 years	15,000	30,000	10%	13,500	27,000	1,500	3,000
For 5 years	25,000	50,000	15%	21,250	42,500	3,750	7,500

[RTEs and Members have to pay service tax on the discounted amount at the rate of 15%.]

Note for Members:

Members are also requested to submit the CA Certificate as per the format given below certifying the Export Turnover for the financial years 2014-2015 & 2015-2016 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 2014-2015 & 2015-2016 as follows:

Sr. No.	Description	2015-2016 (Rs. FOB Value)	2014-2015 (Rs. FOB Value)
1	Cotton		
2	Cotton Yarn		
3	Cotton Fabrics		
4	Cotton Made-ups		
	TOTAL		

(Stamp & Signature of Chartered Accountant)
(Membership No. of Chartered Accountant)
(Firm Registration No. of Chartered Accountant)

PLACE:

DATE:

Note to Members & RTEs whose RCMC is expiring on 31.03.2016:

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)