Dear Friends,

The fortnight began with the good news that exports had finally entered positive territory recording a modest growth of 1.27% during the month of June. Exports of Textiles & Clothing during this period showed a growth of 1.72%. However, cotton textiles showed a decline of (-) 2.33% during the month of June, 2016.

It is hoped that the cycle of negative growth recorded in the last 19 months has been broken at the aggregate level and we can look forward to a new trajectory of positive growth in the coming months, including in the cotton textiles sector.

Meeting with the Hon’ble Union Minister of Textiles

Friends, during this fortnight we had the privilege of meeting the new Minister of Textiles, Smt Smriti Zubin Irani on 11 July, 2016, just a few days of her taking over charge in the Ministry. The Hon’ble Minister gave a patient hearing to us, as we brought to her notice various issues concerning the exports of Cotton, Cotton Yarn, Fabrics and Made-ups.

The Hon’ble Minister was very receptive and showed a keen interest in understanding the issues concerning the measures to increase our exports to various countries. She shared her commitment and vision to ensure that all the segments of the vast textile value chain are developed in a wholistic manner so that the sector in it’s entirety can fully realize it’s immense potential to generate employment in the country.

Special package for Garments

Friends, the Government has also announced important policy measures to give a boost to employment and exports in the Garment sector. We pointed out to the Government that Made-ups sector which is equally labour intensive should have been included in the package given to garments. This issue was also raised with the Hon’ble Minister who has assured that she will look into the matter. In the meanwhile we have collected data showing the employment potential in the sector and submitted it once again to the Government for their consideration. We have been assured that the issue will be addressed by the Government in the new textile policy which is likely to be announced shortly.

Steep rise in Cotton prices

Another issue which came up during the fortnight was the steep rise in the prices of cotton owing to a variety of reasons including depleting stocks. The Ministry of Textiles swiftly
addressed the issue by directing the Cotton Corporation of India to release it's available stocks to the small & medium spinning mills so that they can meet their immediate needs.

We compliment the Hon'ble Minister for the quick action taken by her to address the issue and bring some relief to the small and medium enterprises.

We have also made various suggestions to the Hon’ble Minister on improving the cotton economy including steps to increase productivity, reduce contamination and controlling fluctuations in prices.

**Meeting with Duty Drawback Committee**

We also took the opportunity during the fortnight to make a presentation to the Duty Drawback Committee at Coimbatore on 5 July, 2016. The presentation covered cotton yarn & fabrics. The Committee appreciated the presentation and has requested for additional information to be furnished especially in the context of electricity tariffs and state level duties and levies suffered in the manufacturing process. We are in the process of compiling the information and will be submitting it shortly to the committee.

The Draw back Committee will be visiting other centers including Mumbai next month to discuss the proposals for Made-ups , Technical Textiles and Specialized Fabrics. The Council will be making additional presentations during these meetings.

**Gaining attention of policy-makers**

Friends, our interactions with the Government shows that the textile sector commencing with the value added garment segment is receiving attention of the policy makers at the highest levels of policy making. This is a welcome development as the Government is extremely keen to achieve growth with employment and not merely “jobless” growth. There is a realization that the textile and garment sector is ideally placed to create these jobs both in the semi- urban and rural areas. It's potential to employ women both married and unmarried has also been recognized. With wage costs going up in China, India is ideally placed to fill the void created in certain segments of the textile business.

Various studies commissioned by the Council in collaboration with renowned consultancy firms like Ernst & Young and Boston Consulting Group (BCG) have also stressed upon the enormous potential of the Textile & Clothing sector in employment generation.

**TEXPROCIL and E&Y Study**

The proposal mooted in the Texprocil and E&Y Study has been favorably commented upon by various experts. The specific proposal to encourage manufacturing of all types of value-added textiles like Garments, Made-ups in rural areas by moving to a model of “hub and spoke” employment, where hubs are created in small towns and spokes of manufacturing are set up in surrounding villages. Under this model, production sheds of at least 5000square feet in area, employing around 500 women per spoke in rural areas can be leased to manufacturers against verifiable proof of employment. This is a novel concept which is worth examining and implementing.

Coupled with this effort, fast tracking of the FTA with the European Union, Australia and Canada will result in an estimated 5.5 million additional jobs. In fact the need to fast track the FTA with the European Union (EU) by entering into a sectoral arrangement for Textiles & Clothing has also been suggested to the Hon’ble Minister of Textiles.

We have also suggested that a separate Preferential Trade Agreement (PTA) with Great Britain, post it’s EXIT from the EU should be negotiated, as almost 25% of India’s exports to EU of Textiles & Clothing are being sent to that country. Duty - free access to United Kingdom (UK) will give a big boost to our exports of textiles and clothing.

**Conclusion**

Friends, as the Chinese would say “we live in interesting times”!

A lot of changes are taking place around us. BREXIT, rising costs in China, growing automation affecting job creation, falling prices of oil and other commodities, exchange rate volatility, rising protectionism. All these factors are having a bearing on the unprecedented slowdown in global trade being witnessed today.

In spite of all these challenges, India continues to be ranked as one of the “bright spots” in an otherwise gloomy global economy, clearly showing the resilience of Indian entrepreneurs in overcoming the odds and weathering the storms.

Friends, in the coming years the situation is only going to improve as the Government also tries to give a fillip to investments and employment generation and the industry benefits from the progressive policies.

R K Dalmia
Chairman

:: TEXPROCIL ::
A total of 128 exhibitors from 16 countries displayed a broad range of their latest products and technologies in textiles and textile machinery at the Myanmar Event Park (MEP), once again serving as an important trading platform for textile companies from around the region.

The event was co-organized by the Myanmar Garment Manufacturers Association (MGMA), and officially supported by the Republic of Union of Myanmar Federation of Chambers of Commerce & Industry (U.M.F.C.C.I.). A few leading international industrial associations also supported the event this year, including Taiwan Association of Machinery Industry (TAMI), Korea Sewing Machinery Industrial Association (KOSMIA), and The Cotton Textiles Export Promotion Council (TEXPROCIL).

Myanmar Textile Industry:

With the ongoing economic changes, Myanmar is establishing itself as a leading garmenting hub in the ASEAN region. The ongoing quest for low cost production has drawn manufacturer’s attention to the clothing industry in Myanmar. According to the Myanmar Garment Manufacturers Association (MGMA), in the year 2015 exports from Myanmar were over US$ 1500 million from the nation’s 200 garment factories, 195 of which are privately held. The main markets for exports of clothing from Myanmar are Japan and South Korea.

Since the U.S. and the EU started to ease sanctions on Myanmar in 2012, more and more enterprises have moved to extend their reach into this high-growth economy in Southeast Asia. Among the most well-known examples are GAP and H&M, both working hard to help local factories upgrade production and improve industrial environment since starting to invest in Myanmar a few years ago.

Fuelled by a spate of expansionary macroeconomic policies, Myanmar’s GDP is expected to receive a significant stimulus for robust growth.

With its promising economic outlook and competitive labor force, many internationally renowned textile and garment equipment brands are moving to explore better business opportunities in Myanmar by participating in the MTG. Among them were Juki Singapore Pte Ltd., Macpi Group SPA, Tajima Industries Ltd., Cixing (Myanmar) Co. Ltd., Truetzschler Gmbh & Co., Itema S.P.A. etc. Their exhibits come in a wide variety, including sewing machines, pressing equipment, embroidery machines, flat knitting machines, spinning machines, weaving machines etc.

Texprocil Information Booth:

Along with 12 member participants the Council also participated at the event with a 9 sq mt stall to explore the possibility of increasing fabric and yarn trade with Myanmar. The TEXPROCIL stall at MTG was an effective platform to showcase and promote the various types of yarns and fabrics manufactured in India. Promotional brochures and catalogues of the Council and company profile booklet (printed in English as well as Burmese) of the Indian participants were freely distributed from the Texprocil stall.

There were three printed fabric exporters who had displayed their collection very uniquely and attractively in their respective stalls. The fabrics were displayed in the actual length and
COVER STORY
(CONTD FROM PAGE 3)
Texprocil @ 5th Intl. Textile & Garment Industry Exhibition
(Yangon, Myanmar June 24-27, 2016)

yardage of the traditional Burmese wear
and that attracted many visitors to their
stalls.

The Council received about 25 enquiries
at the stall over the four days with most
of the enquiries for cotton yarn viz. 40/1
and 80/2. A few enquiries were also
received for cotton printed fabrics.

Fringe Activities:
A seminar program was held on June
25, the second day of the show, when
four experts serving at the SMART
Myanmar and the Control Union shed
some light on the topics “Introduction
to SMART Myanmar’s factory
services.” and “Certification demands
on sustainability” respectively.

The SMART Myanmar is a four-year
project funded by the European Union
to support sustainable production of
garments “Made in Myanmar” that
embraces social and environmental
compliance, while also working closely
with companies and business supporting
organizations to build and strengthen
local capacity. As to the Control Union,
it’s an international organization
from the Netherlands, specializing in
inspections, certifications and collateral
services related to different industries
such as food, feed, textiles, timber, coal,
oil & gas etc., with a well spread global
presence of 72 countries. With respect
to textile/apparel sector, Control Union
is more visible as a prominent third
party certification body, specialized in
certification schemes more focused on
sustainability.

Meeting with Charge d’Affaires,
Embassy of India:
The Vice Chairman Shri Ujwal Lahoti
met the Charge d’Affaires at the
Embassy of India Shri B Shyam as the
new Ambassador has not assumed office
there. Some of the points discussed
during the meeting were

The type of fabrics which are
normally used for making local
traditional apparel wear. Mostly
printed fabrics are being used and are
sold mainly at the wholesale markets.
The Embassy gave addresses of two
of the biggest wholesale markets in
Yangon

a) The type of fabrics which are
b) Payments through LCs were not
being accepted by nationalised
banks, however Shri Shyam
mentioned that SBI is now opening
a branch in Yangon

The labour cost is cheap approx.
US$ 90, however no compliance
standards are being currently met.
Power cost is about 8 cents/unit

Direct shipping is currently only
from Chennai to Yangon through the
Shipping Corporation of India
(SCI) but for other centres in India
it is normally done through a trans-
shipment at Singapore

Direct flights now operate from
Yangon to Delhi and Kolkata three
times a week.

Myanmar now has a GSP status
with EU thereby making most of
the export items duty free. The
agreement with US is also gaining
good ground towards progress

No recent negotiation rounds for
reducing tariff between ASEAN and
India as far as Myanmar is concerned

Meeting with Chairman, MGMA:
The Vice Chairman also had a meeting
with Shri Myint Soe, the Chairman of
the Myanmar Garments Manufacturers
Association. The meeting was to
understand how India and Myanmar
could cooperate with each other to
enhance the textile industry through
trade and technology.

The Vice Chairman gave a brief
about the role of the Council and
mentioned the strengths of the Indian
textile industry. Mr Myint Soe gave a
brief background of the MGMA and
mentioned that currently almost all the
garment factories are currently operating
on the CMP model. They receive fabrics
mostly from China Korea and Japan
which are then made into garments and
re-exported. However in future with
the objective of increasing exports of
garments, the units will also shift to
FOB model.

In the current situation he mentioned
that almost all the government textile
companies are not operational but the
new government is making efforts to
moderne the existing mills. Moreover
there is also discussion of having an
EPZ in Yangon to be developed on a
land of 2000 acres but work is still in
progress.

Mr Soe also said that both MGMA and
Texprocil can work towards establishing
an MoU wherein there can be exchange
of information and technology,
development of a marketing network.
There was no comment offered in terms
of impact of TPP or RCEP as Mr Soe
was unaware of these FTAs.

Conclusion:
As far as trade is concerned, under
the Indo-ASEAN Agreement, India
needs to request Myanmar to fast track
many of the yarn and fabric items. The
current duties on yarns and fabrics are
about 1% and 4% respectively, however
importers have to bear mandatory costs
like the local custom tax (5%) and
advance income tax (2%) which further
increase costs. Myanmar benefits by 0%
duty through ASEAN agreements with
China, Japan, Korea and Australia &
NZ.

The Myanmar government is looking at
modernising the current old textile mills
and are also planning an EPZ. Indian
companies can either look at investing
in new plants or JVs in modernising the
current textile mills.

An MOU can be signed between the
Myanmar Garments Manufacturers
Association (MGMA) and Texprocil
featuring exchange of information,
developing a marketing network and
delegation visits to and from Myanmar.

Printed fabrics produced in the design
and colours which match Burmese taste
have good potential in this market.
Although the current garment business
is mainly run on the cut-make-pack
model, there is potential for Myanmar
to move towards the FOB model to
sustain the proposed high growth as well
as to move from hanks to cone yarn.
With regular participation annually
in the exhibition, India will be able to
successfully link up with the supply
chain in Myanmar.

:: TEXPROCIL ::
Mr. A. Madhukumar Reddy, Joint Secretary, Ministry of Textiles headed the delegation for discussion about IKEA’s plan to grow business in India. Shri Ujwal Lahoti, Vice Chairman, TEXPROCIL represented the Council at the meeting in which the global retailer discussed their near future plans in India.

IKEA, well-known retailer for home products have a big plan to set up around 25 stores in India before 2025. IKEA have a sales volume of about 31.9 billion US dollars and 328 stores in 43 countries. They call themselves “Production Oriented Retailer”.

At this moment they are procuring home textiles of about Rs. 2300 crores from India which they are looking to grow in a big way.

IKEA made a presentation giving the details of the following category :-

1) Retail Stores in India
2) Textile products
3) Carpets
4) Synthetics Textiles
5) Mattress
6) Filled Products
7) Next Gen business

As regards to Textiles, there is a vide scope to get associated with IKEA from raw materials to final product stage. IKEA displayed all the products in which they may be interested to procure.

Vice Chairman, Texprocil extended the idea to make such presentation in the form of workshop between IKEA and TEXPROCIL members, enable members to understand the required products, formalities, compliances etc. in detail and get mutually benefitted from the trade. IKEA welcomed the idea and they look forward to plan such event.

IKEA also pointed out required initiatives to be taken from the Government in following aspects :-

I. Immediate / Short term

♦ All benefits extended in new policy for garment industry, we request the same for “Made-up” and textile industry.

♦ Skill development schemes

☐ Penetration of skill development schemes is not visible in the industry. Especially Made-up’s and Textiles.

♦ Key Retailers & brands should be engaged and represented in :

☐ Textile institutional bodies – Membership on chair committees

☐ Representation at events

☐ Sourcing Meets, Exhibitions

♦ Sustainability as the key driver for business growth for Textile industry and IKEA can lead and support this initiative with the Ministry.

♦ Mattresses and Mattresses ticks to be classified as Made-up’s product category.

II. Medium term

♦ Policy Making Activities engagement

☐ Recommendations – New Segments and securing related capacities – Specific Integrated textile parks
TRADING FACILITATION

- Publication of business opportunity reports. And preparation of project concept notes. For e.g. Mattress ticking, Upholstery covers, Synthetic textiles etc.
- Special incentives programs for integrated setups in Textiles (for e.g. garmenting with processing in-house should be encouraged)
- Special incentives for promoting renewable energy and zero liquid discharge in textiles.
- Create an infrastructure to facilitate consolidation of small farmers into cooperative societies.
- Import duty exposure on Jute, Nylon and Polyester.

III. Long term

- Integrated Textile Parks – Best case practices.

J.S. (Textiles) noted all the points and assured to consider with best possible attention.

Meeting concluded on positive note on the potential between IKEA and other trade bodies including TEXPROCIL have big potential to take this opportunity forward.

:: TEXPROCIL ::

Government of India delegation hold consultation with Pakistan on Anti subsidy Investigation on Cotton Yarn

Pakistan has initiated an Anti Subsidy Investigation on the import of Cotton Yarn (counts 55.5 and above). In its initiation Notice, the investigating body National Tariff Commission (NTC) has identified 26 schemes being extended by the Indian Government to the exporters of cotton yarn which they have treated as Subsidy. It includes schemes like the Duty Drawback Scheme, EPCG Scheme, Advance Licence Scheme, TUF Scheme, DFIA etc. The period of Subsidization is from July 1, 2014 to June 30, 2015 (One Year) and the period for determination of injury is July 1, 2012 to June 30, 2015 (3 years).

A Government of India delegation visited Pakistan and had consultation with the National Tariff Commission, Islamabad on June 21, 2016. The delegation consisted of Shri S.S.Das , Director, DGAD , Ministry of Commerce, Shri Neerav Mallick, Director, Ministry of Textiles and Shri A.Ravi Kumar, Joint Director, TEXPROCIL.

In the meeting, the delegation clarified on the different schemes pointed out by NTC in its Initiation notice. The delegation also brought to the notice of the NTC regarding some shortcomings in the facts and figures as stated in the Initiation notice.

:: TEXPROCIL ::

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

Join Us... Now!

& avail of our Membership Benefits

To know more, please write to us on email: info@texprocil.org
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**

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>:</th>
</tr>
</thead>
<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 5 to 1. in order to serve you still better.*

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

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

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

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 (✓)

<table>
<thead>
<tr>
<th>Accessing new Markets</th>
<th>Generating additional business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others (Pls. Specify):</td>
<td>Making new Contacts (Trade Enquiries)</td>
</tr>
<tr>
<td></td>
<td>Any Others</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Information on Export Policy / Procedures</th>
<th>Responses to various EXIM queries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others (Pls. Specify):</td>
<td>Redressal of Trade related grievances</td>
</tr>
<tr>
<td></td>
<td>Any Others</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

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.

---

**Join Us... Now! Avail info. on Membership Benefits on email : info@texprocil.org**
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:

<table>
<thead>
<tr>
<th>Period</th>
<th>Membership Fees</th>
<th>Discount Slab</th>
<th>Discounted Fees</th>
<th>Benefit to Exporters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RTE Member</td>
<td></td>
<td>RTE Member</td>
<td></td>
</tr>
<tr>
<td>For 3 years</td>
<td>15,000</td>
<td>10%</td>
<td>13,500</td>
<td>1,500</td>
</tr>
<tr>
<td>For 5 years</td>
<td>25,000</td>
<td>15%</td>
<td>21,250</td>
<td>3,750</td>
</tr>
</tbody>
</table>

[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:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>2015-2016 (Rs. FOB Value)</th>
<th>2014-2015 (Rs. FOB Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cotton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Cotton Yarn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cotton Fabrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Cotton Made-ups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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)