Volume II. Issue No. 35 March 04, 2016

#### **INSIDE THIS ISSUE**

Page 1 & 2 : CHAIRMAN'S MESSAGE

#### **COVER STORY**

**Page 3-4 :** Union Budget 2016-17 continues with optional duty on Cotton textiles

#### PRESS RELEASE

**Page 2 :** BUDGET 2016-17 is Positive & Growth oriented - Chairman, TEXPROCIL

#### TRADE PROMOTION

Page 5-6: TEXPROCIL @ TEXWORLD PARIS, 15-18 Feb. 2016

#### TRADE NOTIFICATION

Page 7: Member Satisfaction Survey
Page 8: Membership Subscription Renewal

#### TEXPROCIL @ TEXWORLD PARIS



TEXPROCIL organised group participation of 49 companies at Texworld Paris from 15-18 Feb. 2016. (Seen in pic.) Booth of Council's member company Loyal Textile Mills. Shri Manikam Ramaswami, MD of Loyal & Past Chairman, TEXPROCIL, interacting with the buyers.

### **CHAIRMAN'S MESSAGE**



Dear Friends,

The last week of February is always a period of excitement as the Budget proposals are announced which have a

bearing on the way we run our businesses and lead our lives.

#### **Union Budget -2016-2017**

This year, being a leap year, the Budget was presented on 29 February, 2016. The Budget does not have much to offer to the Textile & Clothing sector, except for imposing excise duty of 2% on Garments retailed at Rs 1000 and above and permitting imports of select fabrics at 1% of FOB value of export for use by the Garment industry.

We are grateful that the Government continued with the exemption route for the cotton textile sector and did not yield to pressure mounted by some sections of the industry to impose mandatory duty on cotton yarn.

## Stimulating Consumption & Demand

Apart from these measures, the Budget tries to stimulate demand and resulting consumption by strengthening the MNREGA Scheme, increasing social sector spending and providing a push to infrastructure projects. Towards this end, the Budget is pragmatic, wide ranging and inclusive.

## Specific Measures for Employment Creation

The Budget has also provided for specific tax breaks for incentivizing creation of new jobs. Thus the Budget provides for a scheme where the Government will pay the Employee Pension Scheme contribution of 8.33% for all new employees enrolling in

EPFO for the first three years of their employment. This scheme is expected to incentivize the employers to recruit unemployed persons and also bring into the books the informal employees. However, in order to focus mainly on semi-skilled and unskilled workers, the scheme has been made applicable to those with salary up to Rs 15000/per month.

Similarly the scope of the employment generation incentives available under Section. 80JJAA of the Income Tax Act has been broadened and liberalized. The deduction is now made available not only to assessors deriving income from manufacture of goods in a factory but to all assesses who are subject to statutory audit under the statute. Thus a deduction of 30% of the emoluments paid to such employees can be claimed for three years. The minimum number of days for which they should be employed has also been reduced

# CHAIRMAN'S MESSAGE

#### CONTINUED FROM PAGE 1

from 300 to 240 days but the facility has been restricted to employees whose monthly emoluments are less than Rs 25000/-.

Friends, there are other measures like setting up of 100 model career centers, simplification of regulations in retail trade, linking up of state employment exchanges with the National Career Service platform which are expected to give a fillip to employment generation.

## Imposition of Excise Duty on "Branded Garments / Madeups"

The imposition of excise duty on branded garments / madeup articles with a retail price of Rs.1000 is a matter of concern, as apart from resulting in a price rise of 5%, it would also bring hassles relating to maintaining of records. With GST expected to become a reality in a few months, an unnecessary burden of paying excise duty has been created for the domestic garment industry.

## Duty-free import of select items of fabrics for Garment Manufacturing

The Budget has also provided for duty- free import of certain types of fabrics for making apparel, thereby accepting a long standing demand of the garment manufacturers. Hopefully this will lead to diversifying the product base and higher value addition in the export of garments. However, with the window of Advance License Scheme available to exporters in general to import inputs, consumables for export production, the new scheme should be monitored closely in order to avoid leakages in the domestic tariff area.

#### **Other Representations**

Friends, while the Government is trying to provide a favorable environment for growth with employment, we have also represented to the authorities to extend the benefits under the MEIS and interest equalization schemes to cotton yarn and also extend the latter to include merchant exporters.

At the same time, we are also pursuing the matter relating to increasing the limit of duty free import entitlement of trimmings against export of cotton made-ups from. 1% to5% on par with garments which has been overlooked in the budget.

We are also in continuous contact with the Government at various levels regarding the delays in disbursement of Duty Drawbacks at major ports. This is an on-going exercise and we are hopeful that these issues will get sorted out at the earliest.

#### **Summing Up**

Friends with the taxation system in place for the fiscal year 2016-2017, it is time now for us to recalibrate our strategies and focus on creating opportunities for new employment either by taking recourse to the imaginative tax breaks provided in the Budget or by stepping up investments or by rejuvenating our marketing efforts by focussing on newer ones.

With a favorable policy environment providing the tail wind, we should overcome the headwinds of sluggish demand. It is a challenging task but with all round effort, it can be achieved.

R K Dalmia Chairman

:: TEXPROCIL ::

### PRESS RELEASE

# Budget 2016-17 is Positive & Growth oriented - Shri R.K.Dalmia, Chairman, TEXPROCIL

The Government has announced the Union Budget for 2016-17 in the parliament today.

"Overall the budget is pragmatic, wide ranging and inclusive" said Shri R.K. Dalmia, Chairman, TEXPROCIL.

I am glad the Govt has accepted the suggestions of the Council and has not imposed any mandatory duty on Cotton yarn . Shri Dalmia also welcomed the  $\,$  reduction in Basic Customs duty on fibres and yarns from 5% to 2.5% .

The budget has also recognized the importance for infrastructure & has increased funds for the infrastructural development and MNREGA. These measures will not only lead to overall development & help in the realization of Make in India initiative of the Government but also boost rural demand and consumption , according to the Chairman TEXPROCIL.

Shri Dalmia appreciated that the Government will continue to take measures to support the export sector , an assurance given in the Budget.

The Chairman TEXPROCIL also welcomed the proposed changes in the customs & Excise duty rates to simplify procedures as the Customs and excise duty structure plays an important role in incentivizing domestic value addition towards Make in India campaign.

However, Shri Dalmia pointed out that the benefit of duty free imports of certain specified fabrics against the export of Readymade Garments which has been allowed in the Budget should have been extended to the made ups sector also as both Garments and Made ups fall under the category of "cut & sew" products.

:: TEXPROCIL ::

TEXPROCIL - The International Face of Indian Cotton Textiles - www.texprocil.org

### **COVER STORY**

# **Union Budget 2016-17 continues with optional duty on Cotton textiles**

Union Minister for Finance Shri Arun Jaitley on 28th February presented in Parliament the Union Budget 2015-16, with a focus on growth, promoting entrepreneurship and manufacturing, rationalizing tax regime and announcing some relief to common man. While the Budget drew mixed reactions from the textile industry we present some of the highlights concerning the sector.

The salient features of the Budget are as under:

#### **EXCISE DUTY**

#### **Cotton textiles**

The Budget has continued with the optional excise duty on Cotton textiles.

#### PSF/PFY

Excise duty on PSF/PFY manufactured from plastic scrap including waste PET bottles changed from "2% without Cenvat credit" to "2% without Cenvat Credit or 12.5% with Cenvat credit".



Edited & Published by: Siddhartha Rajagopal

#### **Editorial Team**

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

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

**Editorial & Publishing Office at:** 



#### **The Cotton Textiles Export Promotion Council**

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

#### Disclaimer

TEXPROCIL E-Newsletter, fortnightly edition, is the sole property of Texprocil – [owners] The Cotton Textiles Export Promotion Council. The views and opinions expressed or implied by contributions - compiled by the editorial team are those of the authors and do not necessarily reflect those of Texprocil, Editorial Team or the Publisher. Unsolicited articles and transparencies are sent in at the contributor's risk and the owners accept no liability for loss or damage. Subscription to this e-newsletter shall be available on the condition that no content be reproduced whether in part or full or distributed without prior written consent of the owners.

(For private circulation only)

## Branded Readymade Garments & Made up articles

Basic Excise duty of 2% (without Cenvat credit) or 12.5% (with Cenvat credit) imposed on readymade garments and made up articles falling under Chapter 61, 62 and 63 of the Central Excise Tariff, of retail sales price (RSP) of Rs.1000 or above when they bear or are sold under a brand name.

This optional duty would apply to such readymade garments and made ups articles regardless of the

composition of the garment / madeup article.

However. in respect of readymade garments and made up articles other than those mentioned above, the optional levy of NIL (without Cenvat credit) or 6% (with Cenvat credit) in case of garments / articles of cotton. not containing any other textile material and Nil (without Cenvat credit) or 12.5% (with Cenvat credit) in case of garments / made up articles of other composition, as the case may be, shall continue.

The tariff value of readymade garments and made up articles has also been increased from 30% to 60%.

#### SERVICE TAX

New levy of Krishi Kalyan Cess on all taxable services at 0.5% introduced w.e.f. 1.6.2016.



#### Corporate tax

- New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and o not avail of investment allowance and accelerated depreciation.
- 100% deduction of profits for 3 out of 5 years for start ups during April 2016 to March 2019. MAT will apply in such cases.
- Deduction under 80 JJAA of the Income Tax Act will be available to all assesses who are subject to statutory audit under the Act.

## **Simplification and Rationalization of Taxes**

- Customs Act to provide for deferred payment of customs duties for importers and exporters with proven track record.
- Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.

#### **CUSTOMS DUTY**

#### **Specified fabrics**

Basic Customs Duty exempted on import of specified fabrics, of value equivalent to 1% of fob value of exports in the preceding financial year, for manufacture of textile garments for exports, subject to the specified conditions. The entitlement for the month of March 2016 shall be one twelfth of one percent of the fob value of exports in the financial year 2014-15.

COVER STORY (CONTD FROM PAGE 3)

# **Union Budget 2016-17 continues with optional duty on Cotton textiles**

The fabrics allowed as duty free imports are as follows:

1	2	3	4	5	6
"284A	50, 52, 54, 55 or	Cotton and Elastane blended printed fabrics	Nil	-	28 A",
	any other chapter	Cotton and metallic yarn dyed blended fabrics			
		Cotton and spandex and metallic blended fabrics			
		Cotton and Elastane printed fabric			
		Cotton and silk lining fabric			
		Cotton and silk lining fabric 100% linen chambray woven/dyed fabric			
		100% ramie dyed /blended printed yarn dyed fabric			
		Nylon and spandex lining fabrics			
		100% polyester velvet dyed fabric			
		Cotton / Nylon / Embroidery crochet lace lining fabric			

#### Specified fibres /filament yarns

Basic Customs duty on specified fibres , filament yarns reduced from 5% to 2.5% . These fibres /filament yarns are as follows :

"290A	5402 19 90	Nylon 66 filament	2.5%	-	-
	5402 52 00	Polyester yarn-Anti Static Filament			
	5503 11 00	Aramid Flame Retardant Fibre			
	5503 11 00	Para- aramid Fibre			
	5503 19 00	Nylon Staple Fibre			
	5503 19 00	Nylon Anti Static Staple fibre			
	5503 30 00	Modacrylic fibre			
	5504 10 00	Flame Retardant Viscose Rayon Fibre			

#### :: TEXPROCIL ::

EServe No. 21 of 2016 Dated: February 26, 2016 To: The Members of TEXPROCIL Circular No. EPS/56/2015-16 Sub: Pending Drawback Claims

Dear Member,

The Council has been receiving representations from the exporters regarding delay in getting Duty Drawback amounts from the Customs.

Accordingly, we had taken up this matter with the Government at the highest level. We are glad to inform you that this issue is currently under the active consideration of the Government.

In the meanwhile, we would request you to please send us details of your pending Drawback claims to enable us to take it up with the Government.

Details may be sent by Email to the Council on the following Email IDs ravikumar@texprocil.org / vimal@texprocil.org

or by courier / fax in the following format on or before 9th March 2016.

Shipping	Date of	Port of	Drawback
Bills No.	Shipping Bill	Exports	Amount Rs

We look forward to receive the above details. Assuring you of our best services at all times.

Regards,

Siddhartha Rajagopal Executive Director

:: TEXPROCIL ::

Avail of more detailed information on EXIM POLICY

TEXPROCIL GREIVANCE REDRESSAL CELL

email: ravikumar@texprocil.org

# TRADE PROMOTION

# TEXPROCIL @ TEXWORLD PARIS PARIS LE BOURGET, FRANCE (15-18 February, 2016)



Texworld Paris fair, an event exclusively for professionals from the fashion industry and organised by Messe Frankfurt France, took place at Paris Le Bourget from 15-18 February 2016. The international fashion trade fair, focused on fabrics, sundries and accessories, was spread over two halls, which is a first for the February edition.

Texworld Paris is the most valuable and efficient gateway to the European market for a large number of international manufacturers, which is what makes it highly attractive to both exhibitors and visitors, who come to experience new, previously unseen solutions.

With a view to showcase presence of India in the European market and benefit the exporters with the range of opportunities presented by the France market, TEXPROCIL organized a group participation of Indian exporters of Fabrics and Accessories at the February edition of Texworld Paris. This initiative was supported by the Embassy of India in France, Ministry of Textiles and Ministry of Commerce by granting MAI funds. The fair enabled the Indian participants reach out to the international visitors desirous to source from India. There were 82 exhibitors from India, of which, 49 participated through the Council

#### Objective of organizing group participation was to

- Promote "Brand India" image & "Making in India" concept at this event
- ➤ Encourage SME sector to take advantage of participation in this premier event
- ➤ Encourage more number of Indian exporters of Fabrics to promote value added textile in the European market

- Showcase continuity of presence of India in the EU market
- ➤ Increase market share of India in this important market

#### About TEXWORLD, Paris

"TEXWORLD – Paris" is a major venue for non-European fabric producers who want to meet their major clients from Europe and North American countries. 'TEXWORLD Paris' Fair is a creative, competitive and entirely adapted to European needs and the show is organized by Messe Frankfurt France S.A.S.

One of the main attractions of a visit to Texworld Paris was the range of associated Texworld trade fairs, taking place at the same venue on the same dates - Apparel Sourcing Paris, Avanprint Paris, Avantex Paris and Shawls & Scarves - the accessories showcase.

Texworld Paris, continued to flourish as a business meeting point in its February 2016 edition, with a distinct offering – a fresh concept with a range of fabrics seen continuing their expansion with highly-diversified offers.

For more information on Global Textile Markets, Kindly avail of our Textile Intelligence Services email: info@texprocil.org



### Join Us... Now!

& avail of our Membership Benefits

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

# TRADE PROMOTION

## TEXPROCIL @ TEXWORLD PARIS PARIS LE BOURGET, FRANCE (15-18 February, 2016)

#### **Total number of Visitors**

The trade fairs in the Texworld constellation are staying on course in an atmosphere of heightened security. The political upheavals which affected major international events in Paris also had an effect on the results of the Texworld series of trade fairs, which suffered a 7% drop in visitor numbers, reaching a total of 12,684 visitors. Asian, and to a lesser extent American, visitors, sensitive about the security rules issued by major fashion groups, were less in evidence at this event: down 8% in the case of the USA, and 18% for Asia as a whole.

European countries and Russia balanced out the losses. For the second time in a row, France recorded a rise of almost 5% (compared to September 2015). The Netherlands and Belgium came back in great form, up 17% and 10% respectively. Eastern Europe was not to be outdone, with an extraordinary showing by Russia at +42%, and by Poland, which came in at +8%. Finally, Spain a major ready-to-wear country, generated a 10% increase in visitors, which was greatly appreciated by the exhibitors at the various fairs.

#### **TEXPROCIL** information booth

The Council's booth ad Measuring 21 Sq. mtrs offered information regarding the various opportunities available to the international visitors to source from India. Strategically located near the catwalk arena, in Hall 4, the Council's booth saw a steady stream of visitors, the information of which is separately being circulated as Trade Enquiries received at the Fair.

#### Support received from the Embassy of India in France

Embassy of India in Paris has extended full support to the group participation through Texprocil and promoting 'Brand India' image at this Show by:

- Pre-event publicity on the Event page of the web site of the Embassy of India, France.
- Sending invites to all known importers of fabrics as per their database to visit the booths of Indian participants
- Circulating a report on 'Clothing and Accessories market in France' and an "E-Guide for Indian Exporters to France" by email through TEXPROCIL to benefit Indian companies exhibiting at the Texworld Paris.

#### **Publicity for the event**

Apart from the Publicity given by the Organisers, the Council also undertakes extensive pre-event publicity as well as promotional efforts during the Fair.

❖ Distribution of Booklet of Brief Profile of all the Indian exhibitors at the Fair

- ❖ Branding at each of the Indian Booth
- ❖ Advert in the Show Guide being published in the Fair and distributed at the Registration area.

#### Feedback received from Indian exhibitors

- The participants expressed concern over the dwindling number of visitors but were generally happy with the quality of visitors.
- ➤ Positioning of products in the two halls with demarcation of sections helped the visitors to clearly plan their visit around the Fair area.
- The participants were generally happy with stand construction & event management but few suggestions were also received with regard to stand lighting, lighter carpeting and devising ways and means to ensure visitor's traffic at the distantly located booth locations.
- Most of the Indian exhibitors were keen to maintain continuity in participation in this fair, however, due to high cost of participation, more support is expected from the Council and the Government, and fair organisers by way of higher benefit to small and medium enterprises, discounted participation fees
- ➤ Texprocil info booth needs to be located in different product group areas closer to the concentration of its participant companies.

#### Conclusion

- Amongst others, the country Pavilion of Turkish Companies had an excellent presentation of exhibits volunteered by member companies.
- Most of the Fringe Programs like informative Seminars, fashions shows and trend displays were well received and were very beneficial to both visitors and exhibitors.
- ❖ Indian companies exhibiting carefully researched product profile at the show benefitted more than those displaying basics and regular varieties.
- ❖ Being a major Fair for Fabrics in the entire EU, most of the Indian exhibitors were keen to maintain continuity in participation in this Fair in coming years.
- ❖ To showcase the presence of India in the EU market, it is necessary to continue organizing group participation with MAI support, with specific emphasis to support more of MSME participation in TEXWORLD, Paris.

#### :: TEXPROCIL ::

# 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										
Nan	ne of the C	Compan	у	:						
Con	Contact Person & Designation :									
TEXPROCIL Membership (RCMC) No. :										
Ema	ail Address	& Web	site	:						
1)	=		=	_	=	_	5 to 1. in order to serve yo = Not Availed (N.A.)	ou still b	etter.*	
Mer	mbership	Rate Here	Trade Development	Rate Here	Trade Promotion	Rate Here	Trade Services	Rate Here	Trade Intelligence	Rate Here
for I	cedure New nbership		Publication: E-Newsletter		Intl. Fairs & Events		Certificate of Origin		Interactive Website	
	mbership ewal		E-serve		Seminars & Workshops		Grievance Redressal Services		E-News Clippings	
RCM Ame	IC endment		Circulation Trade Enquiries Award		MDA/MAI Schemes		Information on Exim policy/Amendment DBK		Information Disseminated	
2)	-	_	ally satisfied with the			iled	YES		NO	
	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? <b>Tick (✓)</b> Generating additional business										
	Others (Pls. Specify):  Making new Contacts (Trade Enquiries)  Any Others									
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		
5)	5) Have you recommended TEXPROCIL Membership to other companies? Tick (✓)  NO									
6) Do you have any other suggestions to offer regarding TEXPROCIL Member Services? (use additional sheet if required)						Suggestions:				

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

<sup>\*</sup>Kindly ignore this feedback form, if you have already responded.

# TRADE NOTIFICATION

# TEXPROCIL MEMBERSHIP ANNUAL RENEWAL SUBSCRIPTION

The annual renewal subscription amount for the financial year 2015-2016 (due from 1st April, 2015) is as follows: -

1) MEMBER EXPORTER

- RS. 11,450/- (MEM FEES 10,000 + S. TAX 1,450)

2) REGISTERED TEXTILE EXPORTERS (RTE)

- RS. 5,725/- (MEM FEES 5,000 + S. TAX 725)

**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 Discoun		ted Fees	Benefit to Exporters	
renou	RTE	Member	Slab	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 14.5%.]

#### **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 2013-2014 & 2014-2015 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 2013-2014 & 2014-2015 as follows:

Sr. No.	Description	2014-2015 (Rs. FOB Value)	2013-2014 (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 31.03.2015:

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)