



Volume III. Issue No. 38 June 27, 2018

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Shri Ujwal Lahoti, Chairman, TEXPROCIL & Shri P Nataraj Chairman, SIMA jointly addressing the press and media at Coimbatore on 20th June 2018 and briefing them about the 'Prospects and Challenges in Exports of Cotton yarn from India'.

CHAIRMAN'S MESSAGE

Dear Friends,

As per the quick estimates for the month of May released by DGCIS, cotton textile exports continued to record a positive growth of 20 per cent during April–May 2018 period while the apparel sector showed a declining trajectory. Somehow, we seem to be losing steam while converting our fabrics into garments! We need to study the matter in depth and identify the reasons, considering that the Government is willing to go the extra mile to provide help to the sector.

One of the major issues affecting exports especially of the finished goods including Madeups has been the reduction in duty Drawback and ROSL rates after the implementation of the GST. Further, refunds of GST amounts both in terms of IGST and input tax credit have been delayed

leading to blocking of working capital. However, the persistent efforts made by the Council during the months gone by led to a very fruitful meeting with the Hon'ble Finance Minister Shri Piyush Goyal under the guidance of the Hon'ble Minister of Textiles Smt Smriti Zubin Irani on 27th May, 2018 in New Delhi.

Following this meeting the Government decided to review the ROSL rates for Madeups, expedite release of GST claims under a "Special Drive Refund Fortnight" and examine the need to refund embedded taxes arising from (as Economic Survey 2017-2018 observed) "products left outside the GST (petroleum and electricity) and those that arise from the GST itself on account of tax inversion".

Reimbursement of Claims

We are happy to note that a large part of the pending ROSL claims of the exporters of Madeups have been released. Many of the GST claims

both as refund of IGST and as input tax credit have also been settled and the Council is pursuing the balance claims which remain pending for one reason or another.

Meeting with Drawback Committee

The Council also attended a meeting convened by the Pillai Committee on 19th June 2018. A detailed presentation on the need to reimburse the Central / State levies not subsumed under the GST for Madeups was made. The Committee agreed to examine the issue and requested the Council to provide additional information and data. The Council is compiling the information for submission so that the Committee can finalise the matter by the end of this month.

Meeting with Secretary, Ministry of Textiles to fix export target

Secretary, Ministry of Textiles reviewed the export performance of the Textile Sector at a meeting convened on 19th June 2018. The export of Cotton Textiles were

CHAIRMAN'S MESSAGE

CONTINUED FROM PAGE 1

amongst the few items which have registered a positive growth of 7 per cent during the fiscal year 2017-2018. Total exports amounted to US \$ 11.2 billion during the year 2017-2018. Considering the various factors the target for the Council for 2018-2019 is likely to be fixed at US \$ 12.65 billion marking a growth of 15 per cent over the export performance in the previous year.

Friends, all of us should put our heads together and work towards achieving this target, as going forward we should all gain from the smooth functioning of GST, "ease of doing business" and reduced dwell time at the ports. If the Government also reimburses the "embedded taxes" across the textile value chain and reduces interest cost and works out a WTO compatible alternate scheme, we should all be able to accelerate our exports on a high growth path.

2018 China Yarn & Fabric Summit

Against the background of US action on Chinese imports and the possibilities of a trade war, there is growing concern in China regarding the procurement of raw materials like cotton and cotton yarn. This concern was reflected in the 2018 China Yarn & Fabric Summit organised by the CCF Group on June 21-22, 2018, at Hangzhou, China.

The Council participated in the event in order to understand the underlying trends in exports & imports of Cotton and Cotton Yarn from & into China in the coming year. The Executive Director of the Council made a presentation on the topic "Indian Textile & Apparel Sector: Performance supported by Policies" bringing out the policy ecosystem which will drive export growth from India. The various presentations also showed that Chinese investments in spinning in the Xingjian region are under

pressure and the pipeline is near empty. Thus in the coming months revival of demand for Cotton and Cotton Yarn is a distinct possibility.

The meeting was attended by many leading exporters of Indian textile products. Shri Sanjay K Jain, Chairman of Confederation of Indian Textile Industry (CITI) & Managing Director of TT Ltd., presented his report on "Indian Textile Industry – Scope for Collaboration with China". Participants from China and abroad attended the forum and heard presentations from CCF Group, Texprocil, Confederation of Indian Textile Industry (CITI), The Vietnam Cotton and Spinning Association (VCOSA), Taiwan Textile Federation (TTF) etc.

India Delegation visits South Korea

While the policy eco-system in the Country is settling down, the Council also explored business opportunities in South Korea with which India has a Comprehensive Economic Partnership Agreement (CEPA) permitting duty free access for fabrics / madeups / garments. While India has capitalised on the opportunities for Grey fabrics where exports have increased to US \$ 82 billion in 2016-2017, exports of Madeups are valued only at US \$ 12 billion.

In order to promote the exports of Madeups to South Korea, the Council organised a visit to Seoul and Daegu from June 11-15 2018 to explore the business opportunities. The delegation met Indian Ambassador at Seoul on 11th June 2018 and representatives of leading stores like ARPEGGIO, COZYNEST, SHINSEGAE GROUP, JDX MULTISPORTS, in Seoul. The delegation also met the representative of Korea Federation of Textile Industries (KOFOTI). In Daegu a Buyer Seller Meet was held in collaboration with Daegu

Gyeongbuk Textile Industries Association and Daegu Gyeongbuk Bedding Association. The meeting was well attended with exchange of samples leading to establishment of good contacts.

South Korean delegation visits India

As a follow up to the visit of the Indian delegation to Korea, a six-member delegation from the Home Textiles industry in South Korea visited India during June 25 to 27, 2018. TEXPROCIL organized a meeting of Korean delegates with leading exporters on June 26, 2018 at New Delhi. The Council's initiative in organising the meeting amongst Indian and Korean exporters is expected to provide a fillip to the home textiles trade between the two countries. The Korean delegation visited some factories and also participated in the Heimtextil Fair in New Delhi held on 27-28 June, 2018.

Friends, we have now established good contact with the Korean Home Textile industry and do hope that exports of Home Textiles will grow exponentially in the coming years,

Way forward

The World is changing at a rapid pace. Many of the things that we may have taken for granted like stable world order, rules based trading system, progressive trade liberalisation, are now under threat. "Trade wars" seem to be looming large with tariffs and market access becoming potent instruments to leverage strategic advantage. Given these scenarios we need to rethink our strategies and convert challenges into opportunities.

**Ujwal R Lahoti
Chairman**

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COVER STORY**New Business Model for the Global Fashion Industry in Disruptive Times**

At US\$ 1'500 billion of estimated annual revenue at retail level, the global textiles and clothing industry, were it a country in its own right, would be ranked as the 11th largest economy in the world. There is a strong correlation between the world economic growth (GDP) and textile consumption. According to ICAC (International Cotton Advisory Committee), the annual textile consumption is projected to grow at 3.1 percent between 2016-25. IMF, in its latest World Economic Outlook, pointed to the gaining momentum in the global economy. Global growth which in 2016 was weakest since the global financial crisis at 3.2 percent, is projected to rise to 3.6 percent in 2017 and 3.8 per cent until 2022. More importantly, economic growth in advanced economies is recovering. Apparently, this augurs well for the textile & clothing industry.

Globalization of the textile industry with the dismantling of the MFA regime in 2005 was a watershed moment. Liberalization of the international trade in textiles and clothing led to the rise of China and emergence of other developing countries such as India, Bangladesh and Viet Nam. The industry is again witnessing some far-reaching changes that will shape its future in the coming

decade. Six disruptive trends that have a profound impact on the contemporary textile industry, with a concomitant new approach, are captured in this article.

China ‘Plus’ Sourcing

China has dominated the global textile value chain in terms of production and trade since its entry into WTO in 2001. At US\$ 267 bn of exports (2016), it occupies over one-third share of global trade in textiles & clothing. Its consumption of textile fibres is rising fast and projected to increase from 15.5 kgs in 2016 to 20.1 kgs per capita by 2030.

China is restructuring its textile value chain by upgrading technology and accelerating the relocation of industry from coastal areas to the Far Western Xinjiang region and beyond, along the new Silk Route. Meanwhile, as growth rate of China's export of textiles and clothing retards, global buyers are keen to develop alternative sourcing countries in Asia and even Sub Saharan Africa. Bangladesh and Viet Nam have emerged as two large suppliers of apparels outside China, with market shares of 7 percent and 6 percent respectively in 2016. India, being the second largest player after China, has great potential to claim its rightful share.

E Commerce

Internet commerce is having a huge impact on the retailing of clothes. Traditional brick and mortar stores are facing a tough challenge from their online rivals as fashion is becoming less important in physical stores due to changing lifestyles and consumer tastes. According to Euromonitor International, during 2010-15, store based retailing in clothing and footwear remained flat however it registered a 24 percent CAGR in internet retailing in the same period. A host of new technologies ranging from robots to RFID are becoming an integral part of the retail landscape. Amazon has emerged as the largest retailer of apparel in the US. It accounted for 8 percent share of US apparel sales in 2016 forecast to expand to 16 percent. 7 percent of Inditex sales are estimated to be ordered online and predicted to reach 12 percent by 2020. Interestingly however the internet based retailers too, after achieving a critical scale, are expanding to physical stores embracing an omni-channel approach to provide consumers a seamless shopping experience.

Functionality

Functional textiles are engineered to meet specific performance requirements whereby value is added through functionality.



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COVER STORY contd. from Pg. 3

The industry of ‘athleisure’ – sporty clothes and shoes that people don’t necessarily wear to play sport – grew by a staggering 42% between 2008 and 2015, according to Morgan Stanley research. Consumers want their clothing to blend style with comfort and performance. Ministry of Supply, a start-up launched by two MIT-trained professionals in 2012, defines its mission as “to design and construct garments true to the form of human body...where form and function intersect”. The performance is being created by functional fibres and processing technologies resulting into highly engineered apparel which is worn not just by professionals but by ordinary folks for going about their daily business.

Technology

Several disruptive technologies are transforming the textile production chain. Automation in spinning and weaving is already absorbed in the primary textile industry. Additive manufacturing and digital printing and finishing have also joined the mainstream. Sewing, considered the final frontier in automation, is also witnessing the incursion of robotic manufacturing. Ultrasonic seaming aka no-sew technology with bonded seams and stretch recovery, is being used in typical applications such as protective garments. This technique eliminates the need for needle, thread and adhesives. Two American technology startups SoftWear and Sewbo are on the verge of disrupting the sweatshop by autonomous garment production lines. A sports apparel vendor for Reebok and Adidas has reportedly placed a \$ 20

New Business Model for the Global Fashion Industry in Disruptive Times

mn order for a garment factory with 330 robots from Sewbot (capacity 26 mn T shirts p.a.). Sewbo’s technology will allow manufacturers to create basic garments at lower costs and shorten supply chains.

According to an authoritative report on the future of digital printing technology by Smithers Pira, digital print's share has been increasing rapidly across this decade, with total volume rising from 461 million metres square in 2012 to 870 million metres square in 2016. “This will push through the 1 billion mark in 2017, and in 2021 will constitute 1.95 billion metres square of fabric – more than four times the volume in 2012, growing at over 15 per cent CAGR. This is being aided by the fashion industry's shift towards multiple mini-seasons within one traditional season.” The latest generation “Single-pass” digital textile printers enable high volumes to be produced at low running costs. Rapid advances in additive manufacturing aka 3D printing are also changing the technology landscape. Adidas intends to use the 3-D printed soles to make trainers at two new highly automated factories in Germany and America. The ‘factory of the future’ will have a capacity of 500,000 pairs/year and deliver orders with a lead time of one week. Adidas uses Carbon’s Digital Light Synthesis process which is 100 times faster than conventional polymer-based printers. Artificial Intelligence (Ai) and Big Data analytics are being extensively used across the textile value chain ranging from fabric inspection to cutting and analyzing consumer

behavior patterns. Threadsol, a budding technology start up founded in Singapore in 2013, pioneered the application of technology like Big Data, Ai and Mobility for the global apparel industry to help garment firms save millions by reducing fabric wastage.

Mass Customization

Customers and their needs are becoming increasingly diverse as they seek a fulfilling experience while shopping on or offline. Fashion industry has recognized this societal trend and is responding by highly innovative ways to attract the time-strapped millennial shopper. Modern retailers are blending technology with their understanding of consumer behavior to establish what Harvard Business Review succinctly describes as a “tech-driven personalization ecosystem”. The new generation retailers are providing highly curated offerings at low unit costs associated with mass production. Assorted examples of fashion brands and retailers which are practicing the new business model based on mass customization include US based Stitch Fix, Trunk Club, Adidas,startups like Suit Supply and True & Co, and Delhi based Pernia’s Pop-Up Shop.

Sustainability

Sustainability which started as a movement focused on the product in 1990's, extended to human resources by integrating workers' rights into supply chain management systems. In the 21st century, the sustainability movement is nudging fashion brands into adopting green strategies and using them as a competitive



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PHOTO FEATURE

TEXPROCIL @ 2018 China Yarn & Fabric Summit (June 21-22, 2018, at Hangzhou, China)



Dr. Siddhartha Rajagopal, Executive Director, TEXPROCIL made a presentation on the topic "*Indian Textile & Apparel Sector: Performance supported by Policies*" bringing out the policy ecosystem which will drive export growth from India. He highlighted the manner in which Indian T&A Sector is aligned to the existing central/federal policy Eco-system and how the key government initiatives & supporting partnership is leading the industry to achieve success in exports..

Shri Sanjay K Jain, Chairman of Confederation of Indian Textile Industry (CITI) & Managing Director of TT Ltd., presented his report on the topic "*Indian Textile Industry – Scope for Collaboration with China*". His presentation highlighted the current textile scenario around the globe and the manner in which exporters and importers from both Indian and China can collaborate closely in order to leverage each other's strength for mutual benefits.



COVER STORY contd. from Pg. 4

New Business Model for the Global Fashion Industry in Disruptive Times

weapon. This is apparently in response to consumer concerns about environment and factory working conditions. Sustainability footprint overlaps the entire textile value chain starting with design and development till end of use.

Today, the Higg Index developed by San Francisco based Sustainable Apparel Coalition is being used by hundreds of textile and footwear manufacturers, brands, retailers and other stakeholders. The latest version of the Higg Index 2.0 launched in 2013 is a tool to help organizations standardize how they measure and evaluate environmental performance of apparel products across the supply chain at three levels viz brand, product and facility level. India's two leading denim

producers have now adopted the Higg Index as their commitment to environmental sustainability in their textile business practice.

The Lakmè India Fashion Week Winter/Festive 2017 held Sustainable Fashion Day curated by Fashion Revolution, a global organization dedicated to promoting greater transparency, ethics and sustainability in the fashion industry. Models exhibited apparels made from post-consumer waste. Gherzi, Zurich based consulting firm serving the fashion industry since 1929, recently partnered with TU Chemnitz, Germany to establish the Sustainable Textile School to propagate sustainable fashion and capacity building for future textile practitioners.

New Business Model

To be successful, the contemporary textile industry requires the espousal of an integrated, systems approach to harmonize several dynamics encompassing resources, design, production, distribution and consumption to be sustainable. The industry will have to invest in the human capital to impart digital literacy to the workforce. The future textile industry should be based on transparency and consider the interests of all stakeholders.

Source: Article by Author Mr. Navdeep S. Sodhi, Partner, Gherzi Textil Organisation, Switzerland appeared in ITMF Newsletter No. 32 – May 2018.

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TRADE NOTIFICATION

MEMBERSHIP SATISFACTION SURVEY

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

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 1 to 5. in order to serve you still better.*

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

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

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

*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 for the financial year 2018-2019 **for existing members** has become due for payment from 1st April, 2018, as follows:

Type of Membership	Amount (Rs.)	GST @ 18%	Total Amount (Rs.)
Member (with Voting Right)	11000/-	1980/-	12980/-
Registered Textile Exporter	6000/-	1080/-	7080/-

Note: GST Invoice will be issued on receipt of payment.

For New Registration Fee Structure is as follows:-

Type of Membership	Amount (Rs.)	GST @ 18%	Total Amount (Rs.)
Member (with Voting Right) (including Rs.6000/- as Entrance Fee)	17000/-	3060/-	20060/-
Registered Textile Exporter (including Rs.3000/- as Entrance Fee)	9000/-	1620/-	10620/-

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 2016-2017 & 2017-2018 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 2016-2017 & 2017-2018 as follows:

Sr. No.	Description	2017-2018 (Rs. FOB Value)	2016-2017 (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 has expired on or before 31.03.2018:

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 or DIR-12 or Board Resolution for those who have resigned and newly appointed.

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