



Volume III. Issue No. 40 July 25, 2018

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Mr. Siddiquir Rahman, President, BGMEA (2nd from Left) welcoming Mr Ujwal Lahoti, Chairman, Texprocil, (3rd from Left) leader of the Indian delegation to Dhaka, Bangladesh for B2B meetings on 21st and 22nd July 2018.

CHAIRMAN'S MESSAGE

Dear Friends,

As per the quick estimates released by DGFT for June, the export of Cotton Textile products (Cotton

Yarn/Fabrics /Madeups, including handlooms etc.) continued to mark a good growth of 22 per cent in dollar terms for the period April – June 2018 over the same period last year. However, against the background of a continued slowdown in the country's apparel exports, the overall textile and clothing exports recorded a decline of 3 per cent in dollar terms for the period April – June 2018.

As we reflect on the ways and means of improving the textile trade within and outside the country, 'trade wars' have become a common term globally, this year. Unlike the usual military

confrontation, 'trade wars' are fought by taking measures to control the extent of trade with rival countries. Be it China, the EU or the USA, today, everyone seems to be at loggerheads on trade issues with one country or the other in the world!

Trade in the Era of Protectionism

While India has the advantage of a domestic market to fall back on, export growth has been recognised as a key driver of economic growth. As stated recently by Shri Amitabh Kant, CEO, Niti Ayog, India's economy cannot survive without exports. In 2017-18, exports of goods and services contributed about 12% of India's GDP. In contrast, exports made up over 42% of South Korea's GDP. Similarly, in 2006, when China was growing at nearly 13%, the share of exports in GDP was more than 37%. For India to achieve double

digit growth, exports will have to be a crucial part of the overall economic strategy.

Given this fact, even in the face of 'trade wars', India must position itself in a nuanced manner to face the emerging challenges and develop its global competitive edge. Several measures, including ensuring exporters receive GST refunds for raw materials in a timely manner, are undoubtedly critical to raising exports in the short term. At the same time, higher exports must be sustained in the medium and long term. This will be possible only if we streamline and simplify the issues relating to logistics, working capital and the tax hassles faced by the firms. In this context, the need to devise alternate schemes to rebate taxes, compensate for infrastructural disabilities, and incentivise employment generation also assume critical importance.

CHAIRMAN'S MESSAGE

CONTINUED FROM PAGE 1

Alternative Export Promotion Schemes

As we are all aware, India has to phase out all export subsidies by 2018 as its share in global textile and clothing exports crossed the 3.25% threshold in 2010. Further, the U.S. has recently challenged some Indian export promotion schemes at the World Trade Organisation (WTO). Schemes such as MEIS, EPCG, and SEZ have to be re-formulated in line with the provisions of the WTO Agreement on Safeguards and Countervailing Measures (ASCM) as India has also reached the threshold of US\$ 1000 GNP.

Given this scenario, as mentioned in the previous News Letter, the Council has engaged the services of a consulting firm Ms. Ikdhvaj Advisers LLP to undertake a 'Study on Alternate Export Promotion Schemes' which can be recommended to the Government. Shri Harsha Vardhana Singh (former Deputy Director General, WTO) and Shri Jayant Dasgupta (former Ambassador to WTO), who are experts on WTO matters are undertaking this study. The study will cover the entire value chain in the Cotton Textile Sector such as Yarn, Fabrics and Made ups and also independent processing units.

The Council organised a series of meetings with exporters at various centres like Delhi, Mumbai, Coimbatore between 7th to 17th July to gauge their views on the structure of the Alternative Schemes. The meetings were well attended by the industry representatives of leading companies.

GST Reforms & Tax Simplification

The Goods and Services Tax (GST)

Council held its 28th meeting under the Chairmanship of Shri Piyush Goyal, Union Minister for railways, coal, finance and corporate affairs on 21st July 2018 in New Delhi. In a landmark decision which will give a boost to the production and exports of all types of Fabrics, the GST Council has recommended the refund of accumulated input tax credit (ITC) to fabrics producers / manufacturers.

Fabrics, as is well known was attracting a GST rate of 5 per cent but was subjected to the condition that refund of accumulated ITC on account of inverted duty (as yarns, especially of man- made fibre were at a higher GST slab rate of 12%) will not be allowed. However, considering the difficulty faced by the fabric sector on account of this condition, the GST Council has recommended permitting refund accumulated duties. The refund of accumulated ITC shall be with prospective effect on purchases made after the Notification is issued. This decision is welcome as it removes the tax burden on the manufacturers and should bring down the costs of Fabrics by 4% to 6% and also make our Garments / Made-Ups competitive.

The meeting also noted that since the time GST has come into effect traders have been feeling the burden of filing complicated returns. Providing major relief, the Council has approved quarterly filing of returns for the small taxpayers having turnover below Rs 5 Crores as an optional facility. Further, the GST Council has increased the threshold exemption limit for registration from Rs 10 lakhs to Rs 20 lakhs for traders residing in the States of Assam, Arunachal Pradesh,

Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand.

Also, the reverse charge mechanism has been postponed to September 30, 2019. With "simplification" as its mantra, the GST Council has further plans to link RFID tags with Goods and Services Tax Network (GSTN) for transporters, thereby reducing the logistic hassles.

Import duty doubled on textile & apparel products

The rise in imports of textile and apparel products in India by 16% during the fiscal year 2017 -2018 reaching the highest ever level of US\$ 7 billion was causing concern to the domestic industry. Given this background, the Government has recently doubled the import duty on many textile products ranging from fibre to apparel vide a notification issued by the Central Board of Indirect Taxes and Custom. The domestic industry was seeking protection against growing imports as imports have grown substantially due to withdrawal of CVD and SAD on imports in the Post - GST regime. As a short term measure the decision is to be welcomed.

Indian Trade Delegation visits Bangladesh

At the behest of Ministry of Commerce & Industry; Ministry of Textiles, Government of India and Bangladesh Garment Manufacturers & Exporters Association (BGMEA), the Council organised the visit of a 25-member Indian Trade Delegation led by Mr. Ujwal Lahoti, Chairman, TEXPROCIL to Dhaka, Bangladesh for meetings on 21st and 22nd July 2018.

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**For more information on Global Textile Markets,
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COVER STORY

Report on B2B meetings at BGMEA & BKMEA, Dhaka on 21st & 22nd July 2018



Interactive meet between members of BGMEA & members of Texprocil delegation on 21st July 2018

At the initiative of Ministry of Commerce & Industry; Ministry of Textiles, Government of India and Bangladesh Garment Manufacturers & Exporters Association (BGMEA), the Council organised a visit of Indian Trade Delegation to Dhaka, Bangladesh.

As guided by the High Commission of India in Bangladesh, TEXPROCIL

took the initiative in leading a delegation of India suppliers. A 25-member (12 companies) delegation of Indian exporters of yarn and fabric led by Mr Ujwal Lahoti, Chairman, TEXPROCIL interacted with the Bangladeshi Apparel manufacturers/exporters

at the meetings held at BGMEA & BKMEA on 21st & 22nd July 2018 respectively.

Meeting with BGMEA

At the B2B meeting, Bangladesh Garment Manufacturers and Exporters Association (BGMEA)



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CHAIRMAN'S MESSAGE

The objective of the delegation was to hold B2B meetings with leading Members of BGMEA & BKMEA who are interested to source imported fabrics and yarn for their consumption in manufacturing garments for export. Opportunities for supply of dyes and chemicals from India were also highlighted.

During their visit, the delegation interacted with leading Garment manufacturers both Knitwear and Woven in Bangladesh. The Bangladesh market offers vast scope for increasing India's market share in Fabrics, Yarns and even home furnishings, provided consistent marketing efforts are undertaken on a continuous basis.

CONTINUED FROM PAGE 2

Summing Up

Friends, in this era of protectionism while the rest of the world is looking inwards, India needs to take an 'out-of-the-box' view and focus on exports by targeting large global markets. As stakeholders of the textile and apparel sector, we should also ensure to stay abreast of international developments.

Our strategies to ride out shocks arising out of constantly shifting global market trends in a timely manner, will help us stay the course and even increase the market share of our products in a turbulent and unsettled world!

Ujwal R Lahoti
Chairman

:: TEXPROCIL ::

COVER STORY

contd. from Pg. 3

Report on B2B meetings at BGMEA & BKMEA, Dhaka on 21st & 22nd July 2018

President Mr. Siddiqur Rahman and Md. Nasir, Vice President of BGMEA (Finance) participated actively along with a large number of leading Bangladeshi apparel exporters. In his welcome address, President of BGMEA mentioned that there is scope to increase bilateral trade in Textile & Clothing by another US\$ 1 billion in a short span of time, if quality related issues and dispute settlement issues are addressed more efficiently.

Mr. Ujwal Lahoti, Chairman Texprocil & Ms. Tseten Nordon Cargyal, Second Secretary and Head of Chancery of the Indian High Commission to Bangladesh highlighted the opportunity for two way business in T&C trade between the two countries and need for enhancing the cooperation between BGMEA and TEXPROCIL for mutual benefit in sourcing and supplying of textile and apparel products.

A large number of garment exporters participated at the B2B meeting and interacted with the Indian delegates and showed keen interest in sourcing cotton, yarn and grey fabrics for dyeing and printing.

Meeting with BKMEA

B2B meeting was also organised with Bangladesh Knitwear Manufacturers Association (BKMEA) on 22nd July 2018 at their boardroom. Some of the leading importers of cotton and cotton yarn participated in the program to interact with the Indian delegation. Mr A.K.M. Salim Osman, MP, President of BKMEA, in his welcome address, emphasised that:

- Consistent quality and steady prices of cotton & yarn from India

are important to maintain quality standards and commitments to their importers of apparel.

- At present 60% of their requirement of yarn is met from domestic sources. However, considering the ongoing expansion in knitting, weaving and garmenting capacity in Bangladesh, 60% of the requirement of yarn is likely to be imported in coming years.
- Bangladeshi apparel companies are developing their own brands and are keen to explore Indian market.
- Dyes & Chemical prices from China (their main source of supply) has gone up substantially and there is a big opportunity for India to supply more dyes and chemicals for use by the textile industry in Bangladesh.

Some of the members of BKMEA, who are also major importers of cotton, yarn, dyes & chemicals attended the B2B meeting with the Indian delegation and showed keen interest to increase their sourcing from India. Mr A.K.M. Salim Osman, MP, President of BKMEA also expressed keen interest in leading a composite delegation (for both supplying & sourcing) to India in September 2018.

Meeting with Deputy High Commissioner of India

Dr. Adarash Swaika, Deputy High Commissioner of India to Bangladesh suggested that Texprocil should take the initiative in promoting home furnishing products also as the spending capacity among the common household is increasing substantially. He also mentioned that

it is important that such B2B meetings should be held at least twice a year in Bangladesh to make any headway in increasing market share in value added fabrics and home textiles.

Market potential

Bangladesh is an important trading partner for India, particularly in textiles, owing to proximity, short lead time and cultural affinity between the two countries.

An analysis of the trade data shows that the total export of Apparel from Bangladesh is much higher than that of India. In the year 2017-18 Bangladesh imported US\$ 6,098 million worth of fabrics (of all fibres), of which import of cotton fabrics was valued at US\$ 3,751 million. Of the total import of cotton fabrics, import from India is only US\$ 445 million (12 per cent) there by offering a vast scope for increasing India's market share.

In order to meet the requirement of supply from up-stream industry, there is a gap in domestic manufacturing in Bangladesh owing to higher investment in apparel manufacturing than in the upstream value chain, although large scale investments are taking place in recent years in weaving, processing, and home textiles.

Whereas it is the reverse in the Indian textile & clothing production value chain as we have higher capacity in raw material and intermediary production than domestic requirement.

Hence demand – supply situation in the Indian textile value chain perfectly suits, with demand supply gap in Bangladesh, thereby making India a preferred source of suppliers.

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PHOTO FEATURE

TEXPROCIL @ B2B meetings in Dhaka, Bangladesh



Interactive meet between members of BKMEA & members of TEXPROCIL delegation on 22nd July 2018.

Shri Ujwal Lahoti, Chairman, TEXPROCIL (2nd from Left) called upon Dr. Adarash Swaika, Deputy High Commissioner of India to Bangladesh (Centre), to discuss ways and means in increasing India's market share in value added fabrics and home textiles.



COVER STORY contd. from Pg. 4

Report on B2B meetings at BGMEA & BKMEA, Dhaka on 21st & 22nd July 2018

Even though, India is the major supplier of Yarns to Bangladesh, there is a long way to go in increasing market share in supply of fabrics for which there remains good potential.

Price and nominated business are the two decisive factors with regard to source of fabrics supply. To this, there is the important need to create awareness about the fabric supply capability of Indian textile companies among the apparel manufacturers in Bangladesh.

Observations

➤ Apparel manufacturers in Bangladesh are moving from 'forced compliance' to 'voluntary compliance' factories in order to obtain orders from major

brands around the world. Hence, they need consistent quality of raw material and long term commitment on consistent prices of cotton yarn and fabrics.

- Even though various incentive schemes are available for apparel exporters, most of the times payment for Indian suppliers of yarn and fabrics are delayed by 6 months to one year. It is important to work through local agent or have an own office (in Bangladesh) to get payments / remittance with minimum delay.
- Even though there is an increase in spinning capacity in Bangladesh, there is also a rapid and simultaneous increase

in garmenting, weaving and processing capacity.

- Owing to ongoing US – China trade relationship, it is expected that Chinese investment will flow into Bangladesh in a big way in the near future. Already there are reports of Chinese companies shifting up large processing capacities to Bangladesh, owing to stringent pollution norms.
- Thus, looking ahead, in the coming year, demand for fabric for conversion into garments in Bangladesh is expected to increase sharply and it is important for the Council to redouble its marketing efforts.

:: TEXPROCIL ::

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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="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

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? **Tick (✓)**

Accessing new Markets

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

Others (Pls. Specify):

Redressal of Trade related grievances

Any Others

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

YES

NO

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

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)