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Indian Cottons, Global Reach!

TEXPROCIL Enewsletter

A fortnightly publication of THE COTTON TEXTILES EXPORT PROMOTION COUNCIL OF INDIA



www.texprocil.org



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CHAIRMAN'S MESSAGE



Dear Friends,

As we enter the month of June, amidst all round efforts to ease restrictions and gradually unlock business and

commercial activities nationwide, the immense challenge to re-boot and revitalise our operations appear to be a daunting task.

In a recent Webinar, five major challenges were highlighted, as we make efforts to go forward as follows:

- functioning of factories,
getting back workers,
opening of retail networks,
generating demand,
consumer behaviour in the post-COVID period.

Each of these challenges will determine our outputs and the future of our businesses, as there is a general expectation that things may not be the same.

Having said this, we need to however, move ahead and regain our rhythm.

Government Policies

On it's part, the Government has made some concessions in bank finance, redefined the SME's and carried out far reaching reforms in the Agricultural Sector.

Amongst all these announcements, the decision to revise definition of "medium" enterprises in the trilogy of MSME is far reaching in it's implications. The increase in threshold limit of medium-sized enterprises from an investment in plant & machinery of Rs. 20 Crores to Rs. 50 Crores and enhancement of turnover limit to Rs. 250 Crores from Rs. 100 Crores should incentivise units to scale-up their operations.

The revised definition will enable even small weaving and spinning mills to avail benefits and increase their turnover. Further the exclusion of "export turnover" from the definition of "overall turnover"

will enable more & more companies to avail benefits under the MSME segment.

CIM meeting with the industry and trade associations

Union Minister of Commerce and Industry Shri Piyush Goyal held a meeting on May 27, through Video conference, with the industry and trade associations. This was the fifth such meeting with the Export Promotion Councils and Associations, to assess the impact of Covid-19 lockdown and subsequent relaxations.

Amidst fears about India turning "protectionist," the Hon'ble Minister clarified that 'Atmanirbhar Bharat' will not be inward-looking, closed or anti-foreign. Rather, the concept is aimed at building a confident, self-reliant, caring nation which looks after the needs of all the strata of the society and nurtures development in all parts of the country.

Trade facilitation

The Council on its part continued

CHAIRMAN'S MESSAGE

CONTINUED FROM PAGE 1

to make representations to the Government on various issues concerning the trade and industry.

One of the key areas of concern is the hold-up of export cargo at the Petrapole customs border with Bangladesh. Goods have been held up since 20th March, as trucks carrying export cargo are unable to cross over.

The Council has taken up this matter with the Government many times and has also been in contact with the Indian High Commission in Dhaka. We understand that there are some local issues which have led to a stand-off between the District Administration and the Transporters.

However, we have now been assured that the matter should be sorted out in the next few days and the movement of cargo across the land border with Bangladesh should commence.

While on this, there is a need to look at alternative routes of trade like the Railways and Waterways. In this connection, it is understood that detailed procedures are being worked out to facilitate the rail route from Kolkata to Petrapole Station by upgrading the facilities at both ends in India & Bangladesh.

Another important trade route is the development of the Inland Waterway between Bangladesh

& India. A few shipping lines are offering the facility of door to door delivery of Cargo. The Council has issued detailed Circulars dated 30th May and 5th June in this regard.

Members are requested to study these Circulars and get in touch with the Council for further clarifications in the matter.

Considering the frequent delays of moving cargo on the land route to Bangladesh, the time has come to seriously consider the alternative routes for transport of EXIM Cargo.

Meeting with Officials of Embassy of India, Washington.

TEXPROCIL along with AEPC were invited to participate in an online meeting with the Commerce Team at Embassy of India in Washington DC on May 29, 2020.

The participants in the video conference discussed and shared information about business continuity in the USA market, impact of cancellation of orders on business development, collaboration with Federal Drug Administration (FDA) for getting approvals for personal protection wear & surgical masks which are in great demand today amongst other issues.

The Embassy officials were very forthcoming and agreed to extend all possible support to help our exporters to overcome issues being

faced with buyers by contacting the American Apparel & Footwear Association (AAFA) and also assist in business development.

Friends, such initiatives have helped the Council to collect and aggregate the views of our exporters, build consensus on various matters and offer recommendations to the Government.

Way forward

Friends, as is being reported, the current slowdown in global trade is expected to be worse than the trade slump brought on by the global financial crisis of 2008-09. Understandably, exports from India have also been affected by the coronavirus crisis.

As stakeholders, we should try and make the best use of available policies, expand our market reach, and reduce dependence on a few markets or buyers.

It is quite clear that the ongoing nature of the pandemic makes it difficult to ascertain the time period required for a full recovery.

However, we have no other option but to wait for the clouds to clear and hope to make reasonable progress in the times to come.

Dr. K. V. Srinivasan
Chairman

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TRADE FACILITATION

E Serve No.134 | Circular No. EPS/41/2020-21
Dated: 4-Jun-2020 | To: Members of the Council

**Sub: RRTUF Scheme - Release of Subsidy
against Bank Guarantee**

Dear Member,

As you are aware, the Textile Commissioner had issued operational guidelines vide Circular dated May 22, 2020 for release of subsidy against Bank Guarantee under RR-TUF scheme.

The Textile Commissioner have now issued an Office Memorandum dated June 2, 2020 laying down certain

parameters to be followed by all the Regional Offices of the Textile Commissioner while processing the claims for Subsidy release under the RR-TUF scheme.

A copy of the Office Memorandum has already been circulated by the Council for your guidance.

In case, you need any further clarification in this regard, please get in touch with Shri A.Ravi Kumar, Joint Director, TEXPROCIL.

Regards,

Dr. Siddhartha Rajagopal
Executive Director | TEXPROCIL

COVER STORY**Rejuvenating trade in the Post Covid-19 World
- Need for greater Trade Facilitation with Bangladesh**

With a 6% growth forecast, Bangladesh is set to be world's fastest growing economy !



The COVID-19 pandemic has been unprecedented on many counts pertaining to public health, national security, and the global economy. In the midst of this pandemic, as industries stall, it is interesting to note the developments around trade and economy, particularly, the winds of change blowing in the direction of India?

In this context, the evolving trade relationship between India and Bangladesh assumes importance not only in the larger regional setting of South Asia but also as an immediate neighbour of India. Bangladesh stands at the centre of India's flagship 'Neighbourhood First' and 'Act East'

policies. A good relationship with Bangladesh will help ensure peace and stability in India's North East Region (NER), increase connectivity with the NER and promote its economic development.

complexities because of inherent road infrastructure inadequacies.

The Government has also identified value in broadening the coastal reach to more countries in South Asia for regional trade development, with the BIMSTEC [Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal, and Bhutan] platform offering a country-to-country partnership channel.

Border Trade Facilitation

From a trade perspective, and to forge greater regional integration in South Asia, (including with Bangladesh), there is a need to reduce trade costs. Despite falling tariffs, trade in South Asia has suffered because of higher trade costs. It is often said that trade facilitation plays an important role in determining patterns of global trade flows, where the relative effect on bilateral trade of improving border logistics is substantial.

India-Bangladesh Trade

India and Bangladesh share a close trade relationship, with Bangladesh being India's largest trading partner in South Asia with a bilateral trade worth US\$ 10 billion in 2019 fiscal year. Bangladesh is the fourth largest trading partner for India in the World with Textile and Clothing exports from India into Bangladesh achieving a level of US\$ 2.05 billion in January - December 2019. Trade in South Asia in general--and between India and Bangladesh, in particular--faces innumerable barriers, some of which are purely economic in nature. Because of these barriers, the loss to industry and consumers in general is considerable.

India's East Coast has been overlooked despite being strategically placed to connect with Asia-Pacific markets and offering an advantage to optimize supply chains and minimize transportation costs. The Country, however, has now come to realise coastal shipping as a bellwether for the development of a more competitive logistics eco- system in the region, one that can offer an alternative solution to the traditional trucking mode fraught with

Bilateral trade and investment offer immense opportunities for

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COVER STORY**Rejuvenating trade in the Post Covid-19 World
- Need for greater Trade Facilitation with Bangladesh**

accelerating growth and reducing poverty (particularly in the border areas), and generate new business opportunities for the private sector. India could become a hub for stimulating the growth of intra-industry trade especially in Textile and Clothing Sector by developing a robust eco-system for supplying raw materials and finishing operations to Bangladesh Garment manufacturers. For this eco-system to flourish, Special Manufacturing Zones should be developed in the Eastern / North Eastern Region, close to the land border / routes.

This will result in Bangladesh becoming an additional source of trade and investment for India's Eastern and North-Eastern States.

Development of Multi - Modal Transportation

Integrated Check Post (ICP) at Petrapole is the largest gateway to Bangladesh and contributes nearly 35% of total exports and 58% of imports (as per available statistics). Indeed, the trade pattern between India and Bangladesh through land borders differs across states in terms of quantity and variety of product.

While only a few trade points across the international border are handling the bulk of trade, many of the trade points are not operational yet. Nonetheless, the fact remains that 46.5% of India's exports to Bangladesh is being routed by land through trucks while 0.5% through railways and balance 53% through sea or air routes.

Expediting Trade Resumption

In the post-covid world, all possible efforts are being undertaken to speedily resume trade on all the available routes between India and Bangladesh. On the land route, at the busiest border point through ICP Petrapole, 80 km away from Kolkata the capital of West Bengal trade is expected to re-commence again after nearly a gap of over 75 days, since 20th March 2020.

The National Board of Revenue (NBR) of Bangladesh has recently allowed container train service on the Benapole-Petrapole route. Permission has now been given by the Customs Wing of NBR to the Benapole Customs House (BCH) to handle rail containers, allowing imports of all types of goods by rail.

Further to decongest the trade route, waterway routes are also being operationalised under the Indo-Bangladesh Protocol (IBP) (declared in the treaty between India and Bangladesh) thereby permitting both EXIM trade with Bangladesh and transit movement



to/ from North East states. With the signing of the 2nd Addendum to the Protocol on May 20, 2020, the number of Indo Bangladesh Protocol (IBP) routes have been increased from 8 to 10 and new locations have also been added to the existing routes.

LDC Graduation - Opportunity for India

Needless to say, Bangladesh is an important market for India and vice versa. A number of bilateral initiatives by the two countries have created the conditions necessary to take trade relations between North East India and Bangladesh to the next level.

Bangladesh's economic progress has been significant in the past few years. It is one of the fastest-growing economies in the world with a steady growth rate of six percent every year for over a decade. The country has already qualified to become a middle-income country by 2021 and is expected to graduate from its present Least Developed Country (LDC) status by 2024, according to the UN Department of Economic and Social Affairs.

Trade estimates, particularly of garment products, clearly show that India's export in terms of value is significantly less than that of Bangladesh. Since 2010, India's total share of exports grew by 9.4% whereas Bangladesh's exports skyrocketed by 141% in major markets like the EU, Australia, Canada and Japan. The major reasons behind Bangladesh's exemplary export performance are tariff exemptions and lower wage labor market which provides impetus to narrowly beat its competitors in the international market. More strikingly, 70% of Bangladesh's overall export is covered under LDC-specific preferences.

Bangladesh, as an LDC, has been accorded preferential treatment duty-free access to the richer economies of the world including Generalized System of Preferences



**Avail of more detailed information on
EXIM POLICY @ TEXPROCIL**
Please Contact: GREIVANCE REDRESSAL CELL
email: ravikumar@texprocil.org

PRESS RELEASE**Texprocil Chairman welcomes Revised MSME definition**

The Cabinet has approved the revision in the definition of MSMEs. The Investment limit for units to be classified as Medium sized Enterprises have been enhanced from Rs. 20 to Rs. 50 Crores. The Turnover limit for Medium Enterprises have also been increased from Rs.100 crores to Rs. 250 crores. "The enhancement in the Investment and Turnover limits for Medium Enterprises is a very positive step taken by the Government", said Dr. K. V. Srinivasan, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

MSMEs play a significant role in the Indian Economy. It contributes towards 29% of the GDP and 48% to the Country's exports.

The Cabinet has also decided to exclude export turnover from the turnover limits for Small, Micro

and Medium Enterprises. According to Dr. Srinivasan, this is a very welcome decision as a large number of exporters in the textiles sector can now be classified as MSMEs under the new criteria and will be eligible to get all the benefits extended to the MSMEs including 5% Interest Equalization scheme.

The Chairman, TEXPROCIL expressed his confidence that these decisions will lead to an increase in exports of textiles by making them more competitive which in turn will lead to employment generation.

Dr. K. V. Srinivasan extended his thanks to Shri Nitin Gadkari, Hon'ble Union Minister for Road Transport and Highways and MSMEs and Smt Smriti Zubin Irani, Hon'ble Union Textiles Minister for these decisions which has come as huge relief to the exporters who are passing through unprecedented times on account of COVID-19.

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COVER STORY**Rejuvenating trade in the Post Covid-19 World - Need for greater Trade Facilitation with Bangladesh**

(GSP) scheme of Canada, Everthing But Arms (EBA) preferences of the European Union (EU) and; preferential market access initiatives that are part of various regional trade agreements (RTAs) and bilateral trade initiatives like the ones with India and Sri Lanka; concessional credits from the multilateral development institutions such as the World Bank, Asian Development Bank, amongst others; exemption from intellectual property rights enforcements and other economic benefits.

At this juncture, a possible graduation of Bangladesh will lead to termination of such preferential access granted exclusively to LDCs which may provide an opportunity for Indian exporters to grab a larger share in leading markets of the world like European Union, Japan, Australia, Canada, etc. However, to maximize the gains arising from this development India needs to prepare a robust action-plan to improve ease of doing business, upscale production and speed-up technology adoption in the textiles manufacturing sector.

Way forward

Contiguous countries like Bangladesh and India can

benefit greatly from opportunities for trade and economic cooperation. The intra-industry trade between the two countries has the potential to grow significantly, since trade in similar product lines has been growing, and that could deepen production networks between the two countries.

The two countries should strive to maintain this positive trajectory and explore pathways of enhancing the growth of the relationship. Identifying the issues that might disrupt the relationship will be useful in framing suitable policy responses. India and Bangladesh should undertake a collaborative approach in dealing with trade issues, and policies should be framed accordingly. In this connection, there is a need for cooperation and collaboration and also setting up of joint sub-groups between the industry bodies on both sides to have a better understanding of each other's concerns under the auspices of the India- Bangladesh Textile Industry Forum (IBTIF). Such initiatives would go a long way in fostering better relationships.

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Avail of more detailed information on
EXIM POLICY @ TEXPROCIL

Please Contact: GREIVANCE REDRESSAL CELL
email: ravikumar@texprocil.org

SPECIAL REPORT

Survey Report on Financial Status of Textiles Industry, June 2020

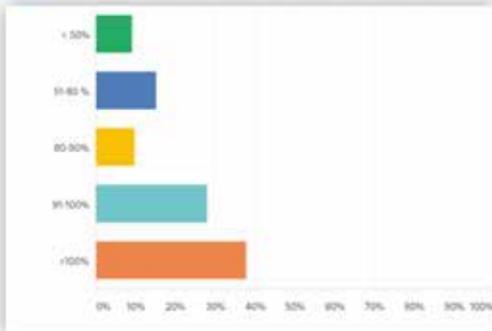
Demand, Labour, Cash - June 2020

Key Takeaways from Study

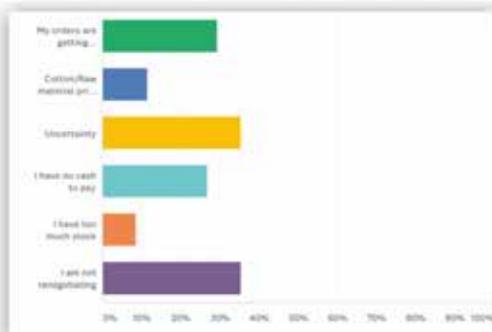
2nd JOINT STUDY REPORT by:
Mrs Mridula Ramesh, ED, Sundaram Textiles & Committee Member of SIMA, TEXPROCIL & CITI

164 Total Responses from across the textile value chain, with a combined revenue of well over Rs. 20,000 Crores

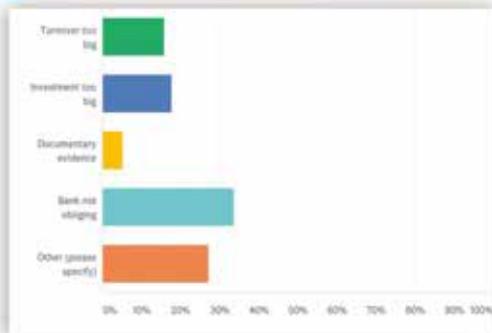
Q What amount of your working capital limit has been used up ?



Q If you are cancelling order/postponing/re negotiating, Why ?



Q What has prevented you from accessing any scheme ?



DEMAND

- Average capacity utilization across the textile value chain is less than 50%, with a more than a quarter of the companies operating at below 30%;
- Most Units are carrying between 1-2 months of finished goods stock. This has increased in the past month.
- Poor and uncertain demand (not labour; not cash) is the main reason why companies across the textile chain are not operating at full capacity
- Demand is highly uncertain –most units are seeing orders cancelled –the average unit reports seeing at least 30% of their orders cancelled.
- Demand is not expected to pick up in the next couple of months.

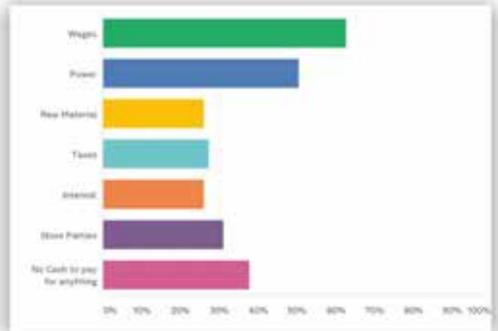
LABOUR

- About 40% of the companies have migrants forming half or more of their workforce.
- More than half of their migrant workforce have returned to home states.
- However, most units report being more constrained by a lack of demand than lack of labour.

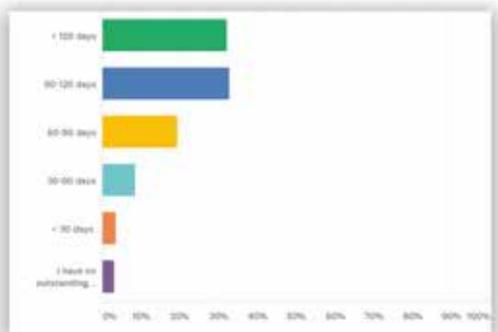
CASH

- Nearly 40% of units do not have cash to pay for any expense in June.
- The average company has used up more than 90% of its cash credit; nearly 40% have exceeded 100% cash credit limits.
- The average accounts receivables position is between 90-120 days.
- The average unit is seeing at least some of their customers renege on their payment schedules, while many report that they themselves are paying at least some amount of their dues.

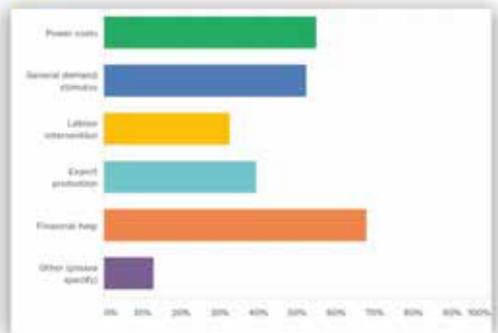
Q Do you have cash to pay following in June ?



Q What is your accounts receivable position ?



Q What would you need help with ?



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

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"/>
Membership Renewal	<input type="checkbox"/>	E-serve	<input type="checkbox"/>	Seminars & Workshops	<input type="checkbox"/>	Grievance Redressal Services	<input type="checkbox"/>	E-News Clippings	<input type="checkbox"/>
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.

TRADE NOTIFICATION

TEXPROCIL MEMBERSHIP ANNUAL RENEWAL SUBSCRIPTION

(A) Renewal of Membership - Annual Subscription Fees

For Renewal of Membership, an Annual Membership fee is to be paid.

Details of Annual Renewal Subscription Fees are 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/-

(B) Payment of Renewal Subscription Fees

Payment of Renewal Subscription fee for the year 2019-2020 and 2020-21 can be made online.

Bank details for online payment are as follows:

Account Name	The Cotton Textiles Export Promotion Council
Bank	Bank of Baroda
Branch	Opera House Branch, Mumbai-400004
Account No.	04090200000927
IFSC Code	BARB00PERAH (Fifth character is zero)

After payment, send the details of online payment by Email in the following format on the following email ID : smita@texprocil.org.

Company Name	
Registration No.	
GST No.	
UTR No.	
Date of Transaction	
Name of Bank	
Amount of Transfer	

Also send a scanned copy of Bank Payment Advice by email on the Email ID : smita@texprocil.org

Immediately after receiving the Payment details, the membership will be renewed.

(C) Renewal of RCMC that has expired

We are glad to inform you that the Council has put in place an online system for renewal of Registration-Cum-Membership Certificate (RCMC). Renewal of RCMCs can be made online and after processing, the Renewed RCMC will be available to you online. The Original renewed RCMCs will be sent to you once our office opens and starts functioning after the lockdown.

Steps to be followed:

Upload self-attested scanned copies of the following documents online on TEXPROCIL's website (www.texprocil.org) through Member login and send a renewal request by Email on the Email ID smita@texprocil.org (In case the RCMC has expired) :

- [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 DIR-12 or Board Resolution for those who have resigned or newly appointed.
- [5] Copy of old RCMC
- [6] Copy of GST Registration Certificate (if not submitted earlier)
- [7] Payment advice of Annual Subscription for the year 2020-2021

Or

Alternatively, send self-attested scanned copies of the above documents by Email on the Email ID smita@texprocil.org

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