TEXPROCIL Welcomes MEIS and RoSL Rate Increase for Made ups

The Government has increased the rate of Duty Credit Scrips issued under the Merchandise Exports from India Scheme (MEIS) from 2% to 4%. The Government has also notified the post GST rates of RoSL (Scheme for Rebate of State Levies) on Export of Garments and Made ups vide Ministry of Textiles Notification dated 24.11.2017. The RoSL rate for Cotton made ups have been increased from 1.55% to 2.20%.

Welcoming both these measures, Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) said, “The increase in the MEIS entitlement and RoSL rate has come as a huge relief for exporters from the made ups sector who are currently passing through difficult times.” Shri Lahoti pointed out that Made ups is a labour intensive sector and any encouragement to this sector will have a positive impact on the entire value chain of Cotton textiles.

The Chairman, TEXPROCIL also urged the Government to include Cotton yarn under the MEIS and increase the MEIS on cotton fabrics from 2% to 4%. Shri Lahoti pointed out that while every other segment in the textile value chain including Manmade fibre spun yarn have been provided with the MEIS benefits, cotton yarn has been excluded for some inexplicable reason, even though it was included in the Focus Market Scheme (FMS), Incremental Export Incentive Scheme under the earlier Foreign Trade Policy. Presently, Shri Lahoti pointed out that there are no benefits extended to export of cotton yarn under the Foreign Trade Policy.

Shri Lahoti further stated that the spinning sector with its huge investments is presently passing through difficult times and is losing market share to Vietnam and Indonesia due to increasing costs.

Withdrawal of the export incentives for cotton yarn has reduced India’s competitive edge as Indian prices have increased by 5-6%. Increase in exports of cotton yarn will benefit not only the spinning sector but also the cotton farmers and the value added segments of fabrics and made-ups/garment, he added.
As regards Fabrics, Shri Lahoti pointed out that the strength of any country in garment exports lies in the competitiveness of the fabric sector. The Fabric sector also employs around 17.8 million people and is the largest employer in the complete textile value chain.

Shri Lahoti stated that in spite of the availability of raw material and labour force, India has a share of only 6% in world fabric exports against China’s share of 51%.

In view of the vast potential for India to increase its textile exports, Shri Lahoti appealed to the Government to take an integrated approach towards incentivizing exports and extend MEIS to cotton yarn and increase the MEIS on cotton fabrics from 2% to 4%.