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1. Duty Drawback sops to incentivise high value garment exports

The Centre has increased the duty drawback of 3.2 per cent to 4.7 per cent (depending on the category) for exports of non-fabric inputs made from imported fabrics under the Advance Authorization Scheme. This will help in export of high-value apparel made from the imported fabrics. The announcement, effective from the next month, is a part of the package announced by the commerce ministry. The garment sector has welcomed the government's decision. Sectoral people said this would attract more exporting units to enhance manufacturing of the products. So far, this benefit was not available to garment exporters. A senior knitwear industry executive in Tirupur said, "The garments produced out of specialty fabrics imported under this scheme will be competitive since the units are getting additional benefit through the duty drawback rate. This will also attract more exporting units to enhance manufacturing of the products using specialty fabrics which have a good market abroad." Chandrima Chatterjee, advisor of the Apparel Export Promotion Council (AEPC), said AEPC had been requesting for consideration of this expansion in scope of duty drawback, the rational being that for apparel made of imported fabric under the advance authorization, there are still various other inputs which attract taxes, and the same get exported. Hence, by the rational of "taxes should not be exported", the expansion in coverage of drawback is justified. Duty-free import of fabric under the Special Advance Authorisation Scheme shall be allowed for export of articles of apparel and clothing accessories for export of items covered under Chapter 61 and 62, subject to the terms and conditions. The authorisation shall be issued based on Standard Input Output Norms (SION) or prior fixation of Norms Committee. The authorisation shall be issued for the import of relevant fabrics including inter lining only as input. No other input, packing material, fuel, oil and catalyst shall be allowed for import under this authorisation. Exporters shall be eligible for the All Industry Rate of Duty Drawback, for non fabric inputs, as determined by central government for this scheme. Authorisation, and the fabric imported, shall be subject to actual user condition. The same shall be non-transferable even after completion of export obligation. The fabric imported shall be subject to pre-import condition and it shall be physically incorporated in the export product (making normal allowance for wastage). Only physical exports shall fulfil the export obligation.

(Source: Business Standard)

2. Textile body plans hike in fabric exports to Afganistan

Synthetic and Rayon Textile Export Promotion Council (SRTEPC), apex body of Indian textile industry, is making serious efforts to increase direct trade of textiles from India, especially from the man-made fabric (MMF) hub in Surat, to Afghanistan. The SRTEPC and Southern Gujarat Chamber of Commerce and Industry SG have jointly signed a memorandum of understanding MoU with a delegation from Afghanistan for boosting export of polyester fabrics and made-ups. The MoU was signed recently at 'Source-India-2016' exhibition held in the city on August 13 and 14. Afghanistan is a fast emerging market of textiles. Indian exporters have negligible direct trade of textiles with Afghanistan which they sell to this market through third countries. The current trade with Afghanistan is valued at around $165 million, which includes export of fabrics worth $161 million, made-ups worth $3 million and polyester yarn worth $1 million. SRTEPC vice-chairman Narain Agarwal told TOI, "Afghanistan is a promising market for the export of textile fabrics from Surat and other MMF centres across the country. The banking system in Afghanistan is not very solid and thus Indian exporters have to depend on a third country to export. However, we are working out trade facilitation programme with Afghanistan's chamber of commerce in order to increase export of Indian fabrics." Agarwal added, "We are looking at multiple export markets to reach Afghanistan. The reason being Afghanistan does not have textile manufacturing centres and it depends on import of fabrics. While direct export from India to Afghanistan is negligible, but our fabric is being exported via Dubai, Karachi, Bangladesh." He said, "We are expecting to triple our direct export from India to Afghanistan in the next couple of years. Afghanistan traders are more than willing to enter into direct business with traders in Surat and other places." Chairman of SGCCI's textile committee Devkishan Manghani said, "The fabric culture in India and Afghanistan is similar. Pashmina fabric is most popular in Afghanistan and Surat is a manufacturing centre for the fabric."

(Source: The Times of India)

3. India helps Egypt upgrade textile training centre

India has helped Egypt upgrade one of its largest vocational textile training centres with a $1 million support to equip the centre with latest technologies. “Egypt was identified by India as one of the countries for setting up of a vocational training centre (VTC) at the India-Africa Forum Summit with an outlay of $1 million,” the Indian Embassy in Cairo said in a statement. The upgraded centre in Shoubra El Kheima, Cairo, was inaugurated by Indian ambassador to Egypt Sanjay Bhattacharyya, in presence of Egyptian minister of trade and industry Tarek Kabil and minister of international cooperation Sahar Nasr. The VTC, which trains around 350 students each year, has been upgraded with latest technologies in spinning, weaving, dyeing and printing. It will offer several courses in textile sector. The upgradation project was implemented by India's National Small Industries Corporation (NSIC), which will also provide consultancy for the operations of VTC for the next three years. The upgraded VTC will provide new skills, raise productivity, generate jobs and raise the GDP of the country, the statement said.

(Source: Fibre2Fashion.com)

4. Price volatility top agenda at cotton conference

Price volatility of cotton and financial constraints for its purchase will be among other issues to be discussed at the All India Conference on Cotton beginning here from August 19. The two-day conference will see the participation of 400 delegates from across India and foreign countries, the organizing chairman of the conference, P Nataraj told reporters. The main theme of the event will be "Indian Cotton Scenario in 2016-17". The price fluctuation of cotton during April to June, adversely affecting the entire textile value chain will be some of the issues discussed during the conference, he said. President of Indian Cotton Federation J Thulasidharan claimed that lack of exact statistics on consumption and availability of cotton, particularly in the initial stage of season (October-September) was a major reason for the fluctuation. He said there was a need for funds to the tune of Rs 50,000 crore, annually, for ginners and spinners to buy and stock cotton at the beginning of the season, which was done by multi-national companies, leading to speculation. Situation would be easy for the stakeholders if the banks came forward to provide funds at a reasonable interest rate of 7 per cent, he said. Considering this, the conference will address the real situation of cotton acreage, demand-supply equations, price situation and sustainable management, Thulasidharan said.

(Source: Business Standard)

5. Merchandise exports fall 6.8% in July

Merchandise exports contracted by 6.8 per cent in July, belying hope of a rising trend after outbound shipments increased 1.3 per cent in June, the first increase in 19 months. Exports fell to $21.7 billion in July, against $23.3 bn in June 2015, government data showed on Friday. These had declined from

November 2014 to May 2016. As compared to this, the decline was for nine months in a row during the 2008-09 global financial meltdown, The fall in July was attributed to global slowing, particularly in the Chinese economy, leading to a decline in commodity prices. Cumulative exports for April-July, first four months of 2016-2017, were $88 bn, Experts felt export would rise only slowly ,pointing to 30 majo items where outbound trade fell for 22, as compared to only six of these in June. Export of engineering goods, which made a comeback in the growth charts in May after remaining depressed for months, again fell in July. After rising by a marginal 0.9 per cent in June, it fell by 12.1 per cent. The sector requires further support for improving of competitiveness in a difficult global market, with weak demand in China and Japan, said T S Bhasin, head of the Engineering Export Promotion Council. Export of petroleum products continued to fall, by 21.8 per cent, higher than the 10.8 per cent fall in June. That of ready made textile goods fell nearly six per cent, after a marginal fall of 0.8 per cent in June. Gems and jewellery export, however rose by 8.8 per cent, after falling by 0.5 per cent in June.

(*Source: Business Standard*)

6. Govt has taken steps to prevent dip in cotton output

The Government of India has taken corrective measures to prevent the reduction in production of cotton, minister of state for textiles Ajay Tamta said in a written reply to a Lok Sabha question. The department of agriculture, cooperation and farmers welfare is implementing Cotton Development Programme with a focus on cropping system approach under National Food Security Mission (NFSM) in 15 major cotton growing states viz. Assam, Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Telangana, Tamil Nadu, Tripura, Uttar Pradesh & West Bengal since 2014-15. Under the scheme, thrust is given for transfer of latest technology to cotton growers through Front Line Demonstration (FLD) on Integrated Crop Management (ICM), Desi Cotton, Extra Long Staple Cotton, High Density Planting System. The scheme is being implemented through State Department of Agriculture (SDA), Indian Council of Agricultural Research (ICAR), State Agriculture Universities (SAUs), Krishi Vigyan Kendras (KVKs) etc. Besides, states can support cotton development programme under Rashtriya Krishi Vikas Yojana (RKVY), Tamta said. To promote cotton farming during cotton season 2016-17, the ministry of agriculture, cooperation and farmer welfare has fixed minimum support price for medium staple length cotton at Rs 3860 per quintal and for long staple at Rs 4160 per quintal, he informed. Thirdly, the Cotton Corporation of India (CCI) Limited has been entrusted with procurement of cotton from farmers at Minimum Support Price (MSP) to protect the interest of farmers by giving MSP to their produce to avoid distress sale, he added. For the cotton season 2015-16, Cotton Advisory Board (CAB) has revised the cotton production estimate at 338 lakh bales as against its earlier estimates of 352 lakh bales. The reasons for the downwards cotton production estimates are: the acreage under cotton has decreased by around 7 per cent as against previous year due to switching over to other crops in Northern & Central regions; White fly attack in Northern zone and pink boll-worm attack in Gujarat region; and delayed rains in Central & Southern region and deficit rains across all cotton growing areas.

(*Source: Fibre2Fashion.com*)

7. Textile mills of Coimbatore in trouble as cotton prices soar

With market analysts predicting that cotton prices are unlikely to fall until the next season that starts in October, textile mills in the Manchester of South India are taking desperate measures like reducing production and raising prices of hosiery yarn. Though the state government does not have a role to play in cotton pricing, they say that reducing taxes as per their earlier demands will go a long way in this situation. Domestic cotton prices, especially the preferred Shankar-6 variety, have risen from 34,000 per candy (355 kgs of cotton) in April to 49,000 per candy by July-end. According to India Ratings and Research, prices of cotton are unlikely to come down till October, when the new season begins for cotton. As a result, textile mills in the state, which account for 46% of the spinning capacity in the country, preferred to bring down production by 15% to 20%, to at least cut their losses. The textile industry accepts that the state government cannot play a role in stabilizing or bringing down cotton prices, but say they can take many long-term and short-term measures to help the industry tide over the current crisis and prevent it in the future. "Though the GST bill has been passed, at least till it is implemented, the state government can reduce its VAT (value added tax) on cotton cone yarn from 5% to 2% to bring it on a par with the central sales tax," said Southern India Mills' Association (SIMA) chairman M Senthilkumar. "Because of this tax difference of 3%, we buy and sell a majority of our cotton raw material and products to other states. This hurts both mills and TN's economy," he said. "Because otherwise, we have to transfer the tax burden to our fabric, which is not taxed across the country. But our product becomes expensive. And even if we buy from other states, there is a huge transport cost involved," he said

(*Source: The Times of India*)

8. Bihar becomes 2nd state to approve GST Bill

Within days of the Assam state legislature passing the Constitution (122nd Amendment) Bill, 2014 on Goods and Services Tax (GST), Bihar has become the second (and the first non-NDA) state to approve the same. The Bill was passed in the Bihar state assembly through a voice vote as all the major parties in the state including JD (U), RJD, Congress and BJP were in favor of the tax reform. Only one of the three CPI-ML MLAs, however, staged a walked out opposing the GST. Post-ratification by the legislative assembly, the Bill was introduced in the state's Upper House, where it remained mere formality. The GST Bill, seen as the largest tax reform in independent India, needs to be ratified by at least half of the state legislatures before the President of India can notify GST Council, which will decide on new tax rate and other issues. Earlier during a discussion in the state assembly, Bihar chief minister Nitish Kumar said the GST Bill would bring transparency in tax collection and distribution among the Centre and the states. It will also enable the state to earn a handsome portion from the service tax, which earlier used to be an exclusive source of earning for the Union government. The state would have its share from service tax on Telecom, Railway, Bank and power among others which would bring handsome cash to the exchequer, Kumar said. In addition, GST would bring parity between manufacturing and consumer states and also do away with expenses on maintaining check posts on state borders. While lauding the virtues, Kumar said there are some concerns for Bihar. He said the first concern is that small traders with turnover up to Rs 1.5 crore should be taxed only by the state and they should not be brought under the Centre's domain. Secondly, for trade above Rs 1.5 crore, the machinery to collect GST should be the exclusive right of the state and the Central Commercial Tax department need not interfere in it in any state. The state machinery would collect this amount and honestly give the due share to the Centre and retain its own. "We are against Central Commercial tax department opening office at district level and officials of both state and the Centre conducting raids for tax realization from traders which would result in their harassment," he said

(*Source: Fibre2Fashion.com)*