INFO SRTEPC

Vol. No.5 | Issue No.10 | January, 2017 | ₹ 50/- | MUMBAI

R.N.I. No. MAHENG / 2012 / 45923
Published on 20th January, 2017 (Pages : 36)

OPPORTUNITIES FOR EXPORT OF MMF TEXTILES TO KENYA AND ETHIOPIA

Kenya and Ethiopia the two potential and untapped markets for Synthetic and Blended textiles from India

KENYA AT A GLANCE

Population	46.05 million	2015
GDP (US$)	63.40 billion	2015
GDP growth	5.6%	2015
Inflation	6.6%	2015
GNI Per Capita (US$)	1,340	2015

Introduction

Kenya is one of the major Cotton growing countries in the African region. Cotton production offers the greatest potential for increased employment, poverty reduction, rural development and income generation in the country. The sub-sector has been identified as one that could help bring rapid economic development and reduce poverty in the country. It has therefore been classified as a core industry by the Kenyan government.

In the early 80's the textile industry was the leading manufacturing activity in Kenya, both in terms of size and employment. The industry was employing over 200,000 farming households and about 30% of the labour force in the national manufacturing sector. However the sub-sector started declining in the mid-1980s until the 1990s. There was the dumping of used clothes locally known as "mitumba" which originally was meant for the troubled Great Lakes region but somehow ended up in the local market retailing at very low prices. This led to the collapse of the local textile industry in the early 1990s.

Since the liberalization of the economy in 1990, the influx of textile goods into Kenya also became a major problem that reduced the average capacity utilization in the textile mills to about 50%. The textile sector was actually once the fifth largest foreign exchange earner in Kenya, but dropped to a very small contribution of the Gross Domestic Product (GDP) from mid and late 90s. However, data available for the last 5 years indicates that the sector is on its way to recovery largely due to AGOA and increased Government support. The enormous market prospects presented by the African Growth and Opportunity Act (AGOA) of 2000 and the African, Caribbean and Pacific - European Union (ACP-EU) Cotonou Agreement have rekindled interest in the industry. Indeed, since Kenya qualified for AGOA, its exports to the US have expanded remarkably and so has investment in this sector. Kenya's textile exports to the US increased from US$ 39.5 million in 1999 to US$ 277 million in 2004.

Existing textile and apparel firms in the country produce a large variety of products. Spinning firms produce yarn (including industrial) and sewing thread while integrated mills produce a wide variety of products including yarn, fabrics (knitted and woven), canvas, school and travelling bags, blankets, sweaters, shawls, uniforms, towels, baby nappies and knitted garments of mostly cotton.

Structure of the Textile Sector

Kenya has 52 textile mills, of which only 15 are currently operational and they operate at less than 45 percent of total capacity. The existing mills operate using outdated technology and suffer from low levels of skilled labour and low productivity. The cost of electricity is a major cost driver for textile mills, as are the high maintenance and overhead costs due to old equipment. A further cost driver is the need to either use high-cost imported material or low-quality local fibre which requires additional processing.

Major inputs include cotton fiber (both local and from Uganda/ Tanzania); man-made fiber & dyes which are mostly imported; utilities such as water, electricity and fuel; machinery; and skilled labour.

The yarn spinning companies have a capacity of 140,000 spindles in total, with only 40-50 percent currently being utilized. There are few stand-alone yarn spinning mills which produce cotton yarns, blended yarn, as well as polyester, acrylic and sewing threads. Yarn output is sold within Kenya and exported to Uganda, Rwanda, Tanzania, and Nigeria. Only 15 of the 52 yarn mills are operational.

There are some semi integrated mills, which cover the entire production value chain from spinning to knitting, dyeing, and finishing. Two semi-integrated mills are oriented to knitting and four to weaving. Stand-alone knitting and weaving companies import yarns from India, Indonesia, China, and Taiwan but also utilize 80-90 percent of domestic yarns. The 15 mills that are in the weaving, knitting, and finishing business see a capacity utilization of 40-50 percent.

(Contd. on Page 31)

Visit by Indian Ambassador, Azerbaijan to SRTEPC

Shri Sanjay Rana, Ambassador of India for Azerbaijan paid a visit to the Council office on 28th December 2016. He was welcomed very warmly by the Executive Director, Shri Anil Kumar and all members of the staff. The ED presented him with a bouquet and a memento and thanked him for taking time out to visit our Council.

Shri Sanjay Rana, Ambassador of India for Azerbaijan, is being welcomed with bouquet of flowers by Shri Anil Kumar, Executive Director, SRTEPC. Also seen in the picture officers of the Council

The purpose of the Ambassador's visit was to explore the possibility of SRTEPC taking a delegation of exhibitors to Azerbaijan during 2017-18 either by organizing an Intexpo or a Buyer Seller Meet. He also remembered the time when he had received a delegation from SRTEPC while he was the Ambassador in Saudi Arabia. The Ambassador then proceeded to brief the Council staff about Azerbaijan.

Nestled between Turkey on its west, Georgia on its north and Iran on its south it has the Caspian Sea on its east. A tiny country with a population of around 10 million it has one of the highest per capita incomes amongst countries of CIS and East Europe. Large resources of oil and gas have been primarily responsible for the prosperity of the country.

A break away country from the Soviet Union after the revolutionary 'Glasnost' policy of Gorbachev it retains its relationship with Russia as a younger brother at the same time sharing religious beliefs with Iran and ethnic bonding with Turkey. Turkey is its main supplier of goods and services due the proximity and also on account of its manufacturing base.

The Ambassador was of the opinion that the people of Azerbaijan are big consumers of lifestyle and luxury products. They import most of their requirement of garments from Turkey since they do not have any manufacturing facilities of textiles within their country. The largest component of textiles imported is Garments and Made-ups. The Ambassador added that only in the recent past has one very large textile manufacturing unit been set up with the help of the Government. It will take four to five years for requirement of raw materials like yarn and fiber in any sizeable scale to materialize. Almost all the major brands of Turkey's apparel and made-up products are available in Azerbaijan which has a European style retail culture.

The ED and Shri Srijib Roy later briefed the Ambassador about SRTEPC and its activities. They updated him on the Exhibitions organized by the Council under MDA and MAI and also briefed him about RBSM's including Source India 2016. The Ambassador stated his viewpoint by saying that RBSM's could create a better impact for exporters because many exhibitors could present a very wide range as against organizing an exhibition overseas. But the tradeoff vis a vis an exhibition is the high costs of organizing an RBSM.

The Ambassador expressed a keen interest to receive a delegation of exporters from SRTEPC either in the month of March which is the time of Navroze in Azerbaijan or in September before Ramzan as these are peak buying periods. The ED then requested the Ambassador for support in three areas:

- Facilitating easy import clearance process, wherein he indicated the example of harassment faced by our exhibitors during the International Exhibition in Russia
- Database of relevant buyers of Made-up's and Women's clothing, to enable our members interact in advance, for a more organized and productive meeting at the time of the BSM
- Suggest a suitable venue for the BSM

The Ambassador pointed out that SRTEPC could organize the BSM either before or after the International Exhibition in Russia during September for which the Council has already received an approval from the MOT under MAI. The Ambassador also mentioned the name of ANM Exhibitions, based out of Delhi, who organize two

(Contd. on Page 35)

INFO SRTEPC

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Printed, published and edited by **V. ANIL KUMAR** on behalf of **THE SYNTHETIC & RAYON TEXTILES EXPORT PROMOTION COUNCIL,** Printed at **Kukreja Arts, Regd. office :** A-202 Andheri Manish Garden, Plot 2/3/4, J.P. Road, 4 Bunglows, Andheri (w), Mumbai - 400 053 & Published from **The Synthetic & Rayon Textiles Export Promotion Council,** Resham Bhavan, 78 Veer Nariman Road, Churchgate, Mumbai - 400 020.

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CONTENTS

Dear Member,

The New Year has indeed begun on an optimistic note with signs of positive sentiments for exporters with government coming forward with a slew of supportive reforms and incentive packages intending to continue the trend of overall exports growth against the unabated continued odds of global trade. I am sure with the proactive approach of the decision makers with the industry, the much-needed process of participative policy formulations will result in increasing optimism of the exporter and Indian exports. I hope this trend will continue throughout the year and bring cheer to all our exporters.

The World Bank has projected Global growth in 2017 to be 2.7%, while growth in advance economies to 1.8%, and that in emerging markets and developing economy would be 4.2%, the latter gives some hope in the wake of stagnant global trade and uncertain policy prospects in US and followed by other nations. The report has reiterated the inevitability to increase investments to accelerate sustainable and inclusive economic growth. We in the MMF Textile sector in India also need to follow up on encouraging investments across the value chain to compete in the global markets and in this context the MOT's envisaged policy packages and reforms are encouraging and certainly industry would respond positively.

Indian exports of goods grew 5.72% year on year for the fourth consecutive month in December, 2016, despite the impact of demonetization. This implies a positive signal. Overall exports in the April-December, 2016 period grew 0.75% to US$ 198.80 billion. The Index of Industrial Production (IIP) in November 2016 went up by 5.7% compared to 3.4% in the same month last year contradicting the general fear that demonetization would affect it. Moreover, the IIP for the textile sector grew by 3.9% as compared to November 2015 and the cumulative growth in textile sector during April-November 2016-17 over the corresponding period of 2015-16 was 2.3%, thus giving an overall optimistic sign.

With a view to encourage the export sentiments the Ministry of Textiles has been forthcoming with various policy incentives and packages aiming for enhancing the investment, growth and exports of Indian Textiles. It is heartening to note that in a resolution under TUFS dated 10th January, 2017 the Govt. provides additional incentive of 10%, by taking the cap on capital investment subsidy (CIS) to ₹ 50 Crores from ₹ 30 Crores earlier, to the garmenting units which are already availing 15% capital investment subsidy under ATUFS for installation of bench mark eligible machinery. The units can avail this subsidy, if they achieve the projected production and employment as mentioned in their project proposal.

The Made-ups sector has also been incentivized to boost employment generation and export through enhanced TUF subsidy. Ministry has recently extended additional 10 percent capital investment subsidy of up to ₹ 20 crore under the Amended Technology Upgradation Fund Scheme. According to which every eligible made-ups unit which has availed 15 percent benefit under ATUFS will be paid an additional 10 percent capital investment subsidy on their investment up to an additional maximum cap of ₹ 20 crore. The total cap on subsidy for such a unit is enhanced under ATUFS *from ₹ 30 crore to ₹ 50 crore (₹ 30 crore for 15 percent CIS and ₹ 20 crore for additional 10 percent CIS respectively). This additional subsidy will be disbursed after a period of three years. The disbursement will be based on a verification mechanism linked to production volume, employment and turnover. This is indeed a good news for the made-ups sector which is the second largest employment generator in the textile value chain.*

The impasse in the implementation Goods and Services Tax has been resolved and it is expected to be in from July 2017. This will get ample time for industry to prepare for embracing this crucial reform of indirect taxes in the post independent India. The GST Council found a breakthrough over the tax administration after the Centre accommodated States' concerns. It is proposed that 90% of all assesses with a turnover of ₹ 1.5 crore or less will be assessed for scrutiny and audit by state authorities, the remaining 10% by the Centre. Above that limit, Centre and states will assess in a 50:50 ratio. We have made our stance clear to the Ministry by indicating that the Textile industry seeks single GST rate throughout the textile value chain with no exemptions. In the coming days, the GST Council will take into consideration the suggestions of all the stakeholders and decide an appropriate rate for the Textile sector. We must be in continuous touch with the GST Council's update on the developments.

On the export promotion front, Council is planning an exclusive Programme in Dubai on 19th & 20th February 2017 under the MAI scheme of Ministry. As you are aware, UAE is the leading market for our products and participation in this Exhibition will further stabilize our position in this potential market. I am sure exporters will take advantage of this opportunity and participate in a big way. Besides this, the Council also proposes to have an exclusive Exhibition in Kenya and Ethiopia and also to Panama during March 2017. Both the African and the LAC regions are potential markets for MMF textiles, the previous Exhibitions held in these continents were successful and I seek your support to make these events a grand success.

The promotional programmes of the Council over the years have proved that they are instrumental in projecting the Incredible Textiles of India to the world and our MMF textiles constitute the heart of this range, reaffirming the higher potential for India's share in the overseas market. I am hopeful that member exporters participate in all our overseas events in large numbers to help Indian MMF textiles exports reach newer heights.

With warm regards,

Yours sincerely,

ANIL RAJVANSHI
CHAIRMAN
The Synthetic & Rayon Textiles Export Promotion Council

SOUTH KOREA

Textile sector to suffer trade deficit for second time in a row

The South Korean textile sector may suffer trade deficit for the second time in row in 2016 due to the cheap Chinese products flooding the market. It has been reported that the industry witnessed a decrease of 4.8 per cent year-on-year in the first 11 months of the year to make US$ 12.4 billion. Imports of clothing and textiles increased 1 per cent.

Data compiled by the Korean International Trade Association (KITA) shows that imports in the country reached US$ 13.52 billion over the January-November period. If the scenario continues to remain the same in the last month of 2016, imports may exceed the previous record of US$ 14.65 billion in 2014.

The textile industry of South Korea has already logged a trade deficit of US$ 1.09 billion, exceeding last year's deficit of US$ 157 million for a huge margin.

The South Korean textile sector witnessed a trade deficit for the first time in 2015. High labour costs and competition from foreign countries like China affected the industry's profitability.

Source : Fibre2fashion

VIETNAM

Exports of textile and garment to increase with implementation of TPP

Vietnam's exports of textile and garment to the US would increase by 30-40 per cent in the first year of the agreement implementation and would further increase by two-fold after three to four years. US which is Vietnam's biggest export market consumes 50 percent of Vietnam's total textile & garment export turnover.

In October 2016 alone, Vietnam exported US$ 9.476 billion worth of textile & garment products to the US. This means that export turnover would reach US$ 16 billion by 2018, an increase of US$ 3 billion, and to US$ 20 billion by 2020.

In recent years, the export turnover to the market has been growing steadily by 12-13 percent per annum, while the US import turnover has been growing by 3 percent only. Vietnam's products just account for 9 percent of the US total textile & garment imports.

According to a textile & garment expert, there are three possible scenarios for Vietnam. First, TPP could take effect, but the content of the agreement would change. If so, Vietnam's export turnover to the US would be 50 percent lower than initially designed.

Second, TPP fails. If so, Vietnam's exports to the US will still enjoy MFN like other WTO members. In this case, exports would depend on US economic performance

Third, there is no TPP, and the new US administration imposes a monitoring scheme and anti-dumping duties on imports from Asia, including Vietnam. If so, Vietnam's exports would decrease.

However there is another view that the US withdrawal from TPP won't affect Vietnam's exports to the market. However, textile & garment exports would not increase as sharply as initially planned.

Source : Yarns and fibers

Textiles export target fixed at US$ 30 billion for this year

Vietnamese textile and garment industry set exports target to US$ 30 billion this year. To reach this target, the industry needs strong performance by enterprises in production and business, and of the state in management by supporting the industry's development, as well as development of infrastructure in the nation.

Further, the enterprises should improve productivity, reduce time needed to deliver cargo and strengthen distribution systems to international markets.

The development of the textile and garment market at home and abroad would continue improving due to growth in the US economy and in consumption in the market. Such conditions would support the domestic textile and garment industry in reaching their target in export values this year.

However, Garment and textile enterprises have received enough orders to keep them busy through the first quarter of this year.

According to reports, this year Vietnam's garment and textile sector will face numerous challenges, including a lack of support in taxation policies, as several important trade deals, such as the EU-Vietnam free trade agreement and the Trans-Pacific Partnership, will not become effective in 2017.

Competition is also expected to become more fierce, as other countries continue attracting orders thanks to their advantages in tax and exchange rates, besides the instability in the EU economy will also affect the industry.

However, this year, the textile and garment industry will prepare to take advantage of business from the Vietnam-EU FTA, which comes into effect in 2018.

After the FTA is in place, Vietnam could compete with other countries exporting garments to the EU through the Generalised Scheme of Preferences (GSP), which allows developing countries to pay less or no duties on some exports to the EU. Those countries included Cambodia, Bangladesh and Myanmar.

Meanwhile, other bilateral and multilateral trade agreements will bring more opportunities in exporting textile and garment products to small and medium-size enterprises.

The industry gained strong results because enterprises focused on increasing productivity and ensuring deadlines on delivering goods.

Last year was gloomy for the world apparel sector. Major importers, including the US, the EU and Japan experienced low or decreased demand for garment and textile products.

In 2016, Viet Nam's apparel also saw lower than expected results, with US$ 28.3 billion in exports, up 5.7 percent year on year.

Source : Yarns and fibers

JORDAN

Exports of apparel and clothing accessories up during the first ten months of 2016

Exports of apparel and clothing accessories from Jordan showed upward trend during the first ten months of 2016. From January to October 2016, Jordan exported garments and clothing accessories worth 836.7 million dinars (US$ 1.181 billion), registering an increase of 1.7 per cent over exports of 822.8 million dinars made during the corresponding period of 2015.

Overall, garment exports accounted for 22.89 per cent of around 3.655 billion dinars exports made by Jordan during the ten-month period, according to the data released by the Jordanian Department of Statistics.

Category-wise, knitted or crocheted apparel and clothing accessories' exports earned 792.129 million dinars, showing a jump of 1.27 per cent over exports totaling 782.130 million dinars made during the same period in 2015.

Exports of non-knitted garments shot up by 9.62 per cent year-on-year and contributed 44.570 million dinars during the period under review.

In October 2016, Jordan's exports of knitted apparel and accessories increased by 10.5 per cent to 68.315 million dinars, as against exports of 61.821 million dinars made in the corresponding month of the previous year.

Source : Fibre2fashion

PAKISTAN

Government announces measures to boost textile exports

The Government of Pakistan has announced incentives worth Rs 180 billion to boost the country's exports. The package includes removal of customs duty and sales tax on import of cotton. Customs duty on man-made fibres other than polyester has also been scrapped. The package is applicable for an 18-month period from January 1, 2017 to June 30, 2018.

Under the package, sales tax levied on import of textile machinery stands abolished. Moreover, new duty drawback rates have been announced. These will be 7 per cent for textiles and garments, 6 per cent for made-ups, 5 per cent for processed fabric, and 4 per cent for yarn and grey fabric.

The package is expected to help achieve the objective of export-led growth.

It is believed that the package would increase Pakistan's exports by US$ 2.5 to US$ 3 billion by the end of June 2018.

According to data, Pakistan's total exports declined by more than 12 per cent from 2013 to 2015. In the first half of current fiscal 2016-17, Pakistan's total exports dropped 3.82 per cent to US$ 9.912 billion compared to US$ 10.306 billion in the corresponding period of previous fiscal.

Source : Fibre2fashion

GLOBAL

PTA market to grow

The market for purified terephthalic (PTA) is likely to witness noticeable expansion in the coming years with the growing demand for polyester, specifically in China. Purified terephthalic acid (PTA) is a chemical which is synthesized from crude oil and majorly used to manufacture polyester fiber.

Several growth factors such as growing per capita consumption in emerging regions such as China and significant growth of the textile industry is expected to boost the demand for the PTA market.

Furthermore, the country is emerging as a global textile manufacturing hub with low-cost labor further driving the growth of the purified terephthalic acid market.

However, fluctuating prices in energy sources such as crude oil required to produce PTA is expected to affect profitability of PTA manufacturers thereby impacting the growth of the market.

Beer and other alcoholic beverage industries as well as household product containers are still dominated by the glass industry, which could be an unexplored market for PTA consumption thereby, providing new opportunities for the growth of the market.

Asia Pacific was the largest consumer for purified terephthalic acid, followed by North America and Europe. Future market growth is expected to be from Asia Pacific as well owing to the improving living standards as well as cross-country usage of PTA products.

Some of major producers of purified

terephthalic acid dominating the market are Alfa, S.A.B. de C.V., CPC Corporation, Far Eastern Group, Honam Petrochemical Corporation, Indian Oil Corporation Limited, Mitsubishi Chemical Corporation, Mitsubishi Gas Chemical Co. Inc., Reliance Industries Ltd., Samyang Chemical Co., Ltd. and Saudi Basic Industries Corporation.

PTAs end-user industries include textile and home furnishing where it is required to manufacture garments such as bed sheets, curtains and clothes.

Source : Yarns and fibers

SRI LANKA

GSP Plus concessions to be restored by European Commission

The European Commission recently in exchange of the Sri Lankan government's commitment to ratify 27 international conventions on human rights, labor conditions, protection of the environment and good governance has proposed removing of a significant part of the remaining import duties on Sri Lankan products under the General System of Preference Plus (GSP-Plus).

The European Commission said that the removal of customs duties would be accompanied by rigorous monitoring and conditional on continued commitment to sustainable development, human rights and good governance.

These one-way trade preferences would consist of the full removal of duties on 66% of tariff lines, covering a wide array of products including textiles and fisheries, the statement further said.

The Trade Commissioner Ms. Cecelia Malmström said that GSP+ preferences can make a significant contribution to Sri Lanka's economic development by increasing exports to the EU market. But this also reflects the way in which they want to support Sri Lanka in implementing human rights, rule of law and good governance reforms. She is confident of seeing timely and substantial further progress in these areas and the GSP+ dialogue and monitoring features will support this reform process. This should include making Sri Lankan counter-terrorism legislation fully compatible with international human rights conventions.'

It also added that the Granting access to the GSP+ scheme does not mean that the situation of the beneficiary country with respect to the 27 international conventions is fully satisfactory. Instead, it offers the incentive of increased trade access in return for further progress towards the full implementations of those conventions, and provides a platform for engagement with beneficiaries on all problematic areas.

The GSP plus was withdrawn from Sri Lanka due to the weakening human rights but Sri Lanka has won human rights, democracy as a result of the actions of the current administration and the European Union was restoring GSP plus free trade access to the country.

The European Parliament and the Council have now up to four months to raise potential objections before the measures become effective.

Source : Yarns and fibers.

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Industry-wise Deployment of Gross Bank Credit

(₹ billion)

Sr. No.	Industry	Outstanding as on					Variation (Year-on-Year)		Variation (Financial Year)	
		Nov. 28, 2014	Mar. 20, 2015	Nov. 27, 2015	Mar. 18, 2016	Nov. 25, 2016	Nov. 27, 2015 / Nov. 28, 2014	Nov. 25, 2016 / Nov. 27, 2015	Nov. 27, 2015 / Mar. 20, 2015	Nov. 25, 2016/ Mar. 18, 2016
1)	Cotton Textiles	953	1000	973	1035	894	2.2	-8.2	-2.7	-13.6
2)	Jute Textiles	24	22	22	22	21	-7.7	-4.6	-2.8	-4.7
3)	Man-Made Textiles	196	204	207	208	195	5.6	-5.8	1.7	-6.3
4)	Other Textiles	775	793	767	793	754	-0.9	-1.7	-3.2	-4.9

SOURCE: Sectoral Deployment of Bank Credit – Oct 2016 (RBI) ₹ 100 Cr = ₹ 1 Billion.

Progress of ISDS with details on Ministry's website

To bring in more transparency into the system, as part of "Good Governance Day", the information relating to the progress of ISDS along with State wise details of all live training programmes under the scheme will be opened for public view through Ministry's website. The live information being sourced from MIS will be displayed in a separate page of Ministry's website in a user friendly dashboard format giving State-wise, sector-wise, category-wise progress of training programmes under the scheme across the country. The drop down provision will facilitate downloading of state-wise details of training centres along with names of trainees undergoing training in respect of all live training centres under the scheme. The proposed interactive provision in the MIS will also enable any prospective trainee to identify the live training centre close to his native so as to enroll himself/herself for training. In addition, as part of this occasion, in order to utilize and harness the benefits of existing state-of- the-art secured Government cloud set up by NIC, ISDS-MIS presently hosted in a private cloud has been migrated to NIC cloud.

The strength of the textile industry, especially the textile and clothing sector, can be leveraged in two ways. While skilled workforce will provide competitive edge to the textile industry in the global market, it will also be a tool for participative and inclusive growth by providing job opportunities to the unemployed rural youth preferably below matriculates and from marginalized section of the societies. Integrated Skill Development Scheme (ISDS), the flagship demand driven placement linked skilling programme of the Ministry is an initiative towards this direction. The Ministry is partnering with State Government Agencies, industry, major textile training institutions, Textile Research Organizations and industry associations for implementing the scheme. Out of the 12th Plan target of 15 lakh persons under the scheme, the Ministry has so far trained a total of 8.82 lakh persons.

With an objective to ensure transparency in implementation and also to maintain accountability, Ministry has taken following measures under the scheme:

i) Outcome based approach with mandatory placement of 70% of trainees.

ii) Towards digitization, a web based centralized Management Information System (MIS) platform giving interface to all stakeholders has been operationalized for ease of monitoring of implementation of training programme.

iii) Biometric attendance of trainees is captured mandatorily during the training cycle and the data is pushed to MIS on live basis.

iv) Aadhaar platform has been introduced in MIS for identification of trainees and to avoid duplicity in enrolment.

v) Third party assessment of trainees after training has been made mandatory across the scheme.

vi) Random physical verification of live training centres is carried out through field offices of Ministry.

vii) QR code enabled e-certificates are issued to passed out trainees facilitating verification of the credentials of trainees by prospective employer using QR code scanner.

Source : pib.nic.in

Boost given to exports through its various measures in 2016

The Textiles Ministry took several measures in 2016 with an aim to boost exports, job creation and investment, production.

Listing the initiatives which the Ministry has taken this year, it said a special package was rolled out in June to support the apparel sector.

Realising the potential of the made-ups sector, the government recently approved a special package to create large scale direct and indirect employment of up to 11 lakh over the next three years.

Further, it said that to meet the needs of the industry for a skilled workforce and thereby support its competitiveness, the Integrated Skill Development Scheme has so far imparted training to a total of 8.49 lakh people, out of which 7.50 lakh have been assessed and 5.79 lakh placed.

Source : The Economic Times

Additional capital investment subsidy for the made-ups segment

The made-ups segment which is the second largest employment generator after apparels in the entire textile value chain will get additional 10 percent capital investment subsidy of up to Rs 20 crore under the Amended Technology Upgradation Fund Scheme.

According to the notification from the Textiles Ministry "Every eligible made-ups unit which has availed 15 percent benefit under ATUFS will be paid an additional 10 percent capital investment subsidy on their investment up to an additional maximum cap of Rs 20 crore".

It states that the total cap on subsidy for such a unit is enhanced under ATUFS from Rs 30 crore to Rs 50 crore (Rs 30 crore for 15 percent CIS and Rs 20 crore for additional 10 percent CIS) respectively).

Funds for meeting additional CIS for made-ups units will be provided for in the ATUFS budget in the respective years, said the notification.

The additional subsidy will be disbursed after a period of three years. The disbursement will be based on a verification mechanism linked to production volume, employment and turnover.

The government last month approved reforms in the apparel made-ups sector, aimed at creating large scale direct and indirect employment of up to 11 lakh persons over the next three years and boosting exports.

The reforms, part of the Rs 6,006 crore apparel package announced earlier, include providing production incentive through enhanced Technology Upgradation Fund Scheme (TUFS) subsidy of additional 10 percent for made-ups similar to that provided to garments based on the additional production and employment after a period of 3 years.

The made ups segment of textile include products like bedsheets, blankets, curtains, crochet laces, pillow covers, towels, zari, embroidery articles and other articles.

Source : Yarnsandfibers

Signing of TIR to smoothen trade connectivity for India

India is gearing up to sign the Transports Internationaux Routiers (TIR), or the customs convention on the international transport of goods, as it eyes seamless trade connectivity with both Eurasian region and Southeast Asia.

This will allow India to take full benefit of International North South Transportation Corridor or INSTC, which enables access to Eurasian region via Iran, and Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement.

TIR is the only global customs transit system that provides easy and smooth movement of goods across borders in sealed compartments or containers under customs control from the customs office of departure to the customs office of destination. It plays an important role in boosting regional connectivity and facilitating cross-border trade flows, according to connectivity experts.

Since all members of INSTC, except India and Oman, are already signatories to TIR Convention 1975, custom issues and common documentation issues could be quickly resolved if India signs the convention and aligns its system with it, an official said. INSTC links Mumbai with St Petersburg through Iran and Azerbaijan.

It is a land- and sea-based 7,200 km long network comprising rail, road and water routes that is aimed at reducing costs and travel time for freight transport in a bid to boost trade between Russia, Iran, Central Asia, India and Europe. It will link South Asia to western and northern Europe.

A study conducted by the Federation of Freight Forwarders' Associations in India showed that INSTC will be 30% cheaper and 40% shorter than the existing routes. The first test shipment between India and Russia through INSTC took place in October last year. Germany has also decided to trade with Iran via this connectivity project.

The TIR system operates with certain parameters – secure vehicles or container, international guarantee chain, TIR carnet, reciprocal recognition of customs controls, controlled access and TIR IT risk management tools. These elements guarantee that goods travel across borders with minimum interference en route and at the same time provide maximum safeguards to customs administration. The TIR system has a globally accepted electronic control system for integrated transit operations.

Aligning with the TIR system will also enable India to take full advantage of the Eurasian Economic Union (EEU). Negotiations for a free-trade agreement between India and EEU are expected to start early this year, according to officials.

EEU, comprising Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan, have an integrated single market of 183 million people and GDP of more than US$ 4 trillion in purchasing power parity. The TIR system can also make Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement efficient for sub-regional cooperation on India's eastern flank.

Source : The Economic Times

India to remain fastest growing major economies globally in 2017 says ICRA

Moody's Investors Service and its Indian affiliate ICRA has said that India will remain one of the fastest growing major economies globally in 2017, although GDP growth will moderate in the first half of the year, as the economy adjusts after demonetisation.

India is rated Baa3 positive by Moody's.

Moody's also believes that the government will likely achieve its fiscal deficit target of 3.5% of GDP for the current fiscal year ending 31 March 2017, the international rating agency said in a statement on Monday.

ICRA expects the country's growth of gross value added at basic prices to remain healthy in 2017, although such growth will ease somewhat to about 6.6% from around 7.0% in 2016, with a likely pick-up in H2 2017.

ICRA said that the focus on digital transactions and the introduction of a goods and services tax (GST) will likely reduce the competitiveness of the unorganised sector. ICRA therefore anticipates a relatively healthier expansion of the organised sectors in 2017, at the cost of the unorganised sectors.

Source : The Economic Times

Exports up in December 2016

Exports of goods grew for the fourth consecutive month in December 2016, posting a year-on-year increase of 5.72 per cent to US$ 23.88 billion.

The growth, despite the inconveniences caused to small enterprises due to demonetisation, signals a possible revival in global sentiments.

Imports during the month increased marginally by 0.46 per cent to US$ 34.25 billion resulting in narrowing of trade deficit to US$ 10.36 billion against a deficit of US$ 11.5 billion in the same

Overall exports in the April-December 2016 period grew 0.75 per cent to US$ 198.80 billion while imports declined 7.42 per cent to US$ 275.35 billion.

Trade deficit shrunk to US$ 76.54 billion in April-December 2016 compared with US$ 100.07 billion in the same period last year.

Exports declined 15.85 per cent in the previous fiscal to US$ 261 billion.

Source : Business Line

INDEX OF INDUSTRIAL PRODUCTION (IIP)
(APRIL-NOVEMBER 2016-17)

Belying expectations of a slowdown due to demonetisation, industrial production in November grew by 5.7% as compared to 3.4% in the same month a year ago.

Following demonetisation of Rs 1,000 and Rs 500 notes announced on November 8, 2016, it was feared that cash crunch will hit all sectors. Buoyed by performance of mining, manufacturing and services sector, Indian economy has bounced back to record a growth rate of 0.4 per cent for the period April-November 2016 as compared to April-November 2015.

HIGHLIGHTS

- The Index of Industrial Production (IIP) in the month of November 2016 grew at a high of 5.7% in the month of November, 2016 over the index of November, 2015.
- The Cumulative overall growth of IIP registered growth of 0.4% during the period of April-November 2016-17 as compared to the same period of the previous year.
- The Index of Industrial production for the month of November 2016 for Textiles sector increased by 3.9% as compared to November 2015. The cumulative growth in Textiles Sector during April-November 2016-17 over the corresponding period of 2015-16 has been 2.3%.
- The manufacturing sector grew by 5.5% during the month of November 2016, while there was cumulative decline of 0.3% during the period of April-November 2016-17 over the corresponding period of the previous year.

The Statement below gives the Quick Estimates of growth rate of the Index of Industrial Production (IIP) at 2 digit level of National Industrial Classification (NIC-2004) for the period of April- November 2016-17, along with the cumulative growth rates over corresponding month/period of the previous year:

Industry code	Description	Percentage growth				
		April '16	Oct '16	Nov'16	Apr-Nov 2016-17	Apr-Oct 2016-17
17	Textiles	3.4	-3.7	3.9	2.3	2.1
18	Wearing apparel	1	-10.6	0.9	-3.6	-4.2
15-36	Manufacturing	-3.1	0.9	5.5	-0.3	-1.0
	General	-0.8	0.7	5.7	0.4	-0.3

Source: Ministry of Statistics & Programme Implementation (MOSPI) www.mospi.nic.in

YEAR END REVIEW 2016 - MINISTRY OF TEXTILES

Some of the relevant initiatives taken by the Ministry of Textiles, Government of India and achievements during 2016 are given below.

1) Special Package for Job Creation & Export Promotion in Apparel Sector

The Ministry of Textiles rolled out a special package with approved budget of Rs. 6,006 crore to support the apparel sector and enable it to improve its global competitiveness. Expected outcomes of the package are creation pf Jobs for 1 crore people, mostly women; US$ 30 bn. exports; and investment worth Rs. 74,000 crores – all in three years.

The salient features of the package are:

- Employee Provident Fund Scheme Reforms
- Increasing overtime caps
- Introduction of fixed term employment
- Additional incentives under ATUFS
- Enhanced duty drawback coverage
- Enhancing scope of Section 80JJAA of Income Tax Act

2) Special Package for Job Creation & Export Promotion in Made-ups Sector

Given the standing and potential of the made-ups sector, the Union Cabinet approved a special package for the sector, on December 7, 2016 within the approved budget of Rs. 6,006 crore for the apparel package, in order to create large scale direct and indirect employment of up to 11 lakh jobs over the next three years in the made-ups sector.

- Providing production incentive through enhanced Technology Upgradation Fund Scheme (TUFS) subsidy of additional 10% for Made-ups, similar to what is provided to garments, based on additional production and employment after a period of 3 years.
- Extension of Pradhan Mantri Paridhan Rozgar Protsahan Yojana (PMPRPY) Scheme (for apparel) to made-ups sector for providing additional 3.67% share of Employer's contribution in addition to 8.33% already covered under Pradhan Mantri Rozgar Protsahan Yojana (PMRPY), for all new employees enrolling in EPFO for the first three years of their employment, as a special incentive to Made-ups sector.
- Extension of Rebate of State Levies (ROSL) (for apparel) Scheme to made-ups sector for enhanced Duty Drawback on exports of Made-ups.
- Simplification of labour laws: Increasing permissible overtime up to 100 hours per quarter in Made-ups manufacturing sector, and making employees' contribution to EPF optional for employees earning less than Rs. 15,000 per month.

The package is expected to boost employment in the textile sector and create employment for up to eleven lakh persons, lead to a cumulative increase of US$ 2.8 billion in exports, attract investment of approximately Rs. 6000 crores and enhance benefits to the workers in the textile and apparel sector.

3) Amended Technology Upgradation Fund Scheme

The new scheme specifically targets:

- Employment generation and export by encouraging apparel and garment industry, which will provide employment to women in particular and increase India’s share in global exports
- Promotion of Technical Textiles, a sunrise sector, for export and employment
- Promoting conversion of existing looms to better technology looms for improvement in quality and productivity
- Encouraging better quality in processing industry and checking need for import of fabrics by the garment sector

The new scheme provides for two broad categories:

- Apparel, Garment and Technical Textiles, where 15 percent subsidy would be provided on capital investment, subject to a ceiling of 30 crore rupees for entrepreneurs over a period of five years.

- Remaining sub-sectors would be eligible for subsidy at a rate of 10 percent, subject to a ceiling of Rs.20 crores on similar lines.

4) Integrated Skill Development Scheme

To mark the occasion of Good Governance Day, on 25th December, 2014, the ISDS has been scaled up during the 12th Plan with an allocation of Rs. 1,900 crores to train 15 lakh persons. ISDS seeks to address the critical gap of skilled manpower in textile industry through industry-oriented training programmes; it is implemented through three components by 86 Implementing Agencies.

5) North East Region Textile Promotion Scheme: NERTPS

A landmark initiative under NERTPS for construction of Apparel and Garment manufacturing Centres in all NE States was launched in 2014, with the announcement by the Prime Minister on 1st December 2014 in Nagaland. The objective of the scheme is to promote employment in the NE States and encourage entrepreneurship especially amongst women, in the area of garmenting which has a huge potential both within the country and abroad.

6) Scheme for Integrated Textile Parks (SITP)

SITP addresses the need for infrastructure on cluster basis, and helps the industry meet international environmental standards and establish integrated value-chains under PPP for lowering costs. Under SITP, 66 textile parks have been sanctioned which are at different stages of implementation. This has resulted in employment for 79,000 people and additional investment of Rs. 9,500 crores..

7) Integrated Processing Development Scheme (IPDS)

The Ministry of Textiles is implementing IPDS to enable the textile processing sector in meeting environmental standards through appropriate technologies such as marine, riverine and Zero Liquid Discharge (ZLD). The Government of India provides financial assistance up to 50 % of project cost for Common Effluent Treatment Plants (CETPs), subject to a ceiling of Rs. 75.00 Crore. The Ministry has approved four projects in Rajasthan and two projects in Tamil Nadu, providing relief to about 2000 SME units.

8) Powerloom Sector

- More than 80,000 looms have been upgraded, with subsidy of Rs.105 crores from the Government of India
- This has led to a substantial improvement in quality, productivity and earnings

Moreover, 125 Group Worksheds have been sanctioned in the last two years. To ensure availability of raw material at a reasonable rate, 20 yarn banks were sanctioned in TN, Gujarat, UP & Maharashtra. The assistance to powerloom sector has been scaled up in 2016-17 to Rs. 115 crores, as compared to Rs. 12 crores three years ago.

9) Promotion of Technical Textiles

The Ministry has taken various initiatives to promote technical textiles.

- Technology Mission on Technical Textiles (TMTT) (Total outlay: Rs.200 Crores); Centres of Excellence have been established/upgraded and contract research conducted.
- Focus Incubation Centers under TMTT (Total outlay: Rs.17.4 Crore)
- Scheme for Promoting Usage of Agrotextiles in NER (Total outlay: Rs.55 Crore)
- Scheme for Promoting Usage of Geotextiles in NER (Total outlay: Rs.427 Crore)
- Government of India provided 10% Capital Subsidy and 5% Interest reimbursement on specified technical textile machinery under TUFS. In recently announced ATUFS as well, 15% capital subsidy shall be provided
- 100% FDI is allowed in the textile sector (including Technical Textiles) under the automatic route.
- In Budget 2016-17, Customs Duty decreased from 5% to 2.5%, on select high performance speciality fibres (raw material for Technical Textiles).

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EXPORT MARKETING

Introduction

Export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. Export marketing means exporting goods to other countries of the world. It involves lengthy procedure and formalities framed by the exporting country as well as by the importing country. When a business crosses the borders of a nation, it becomes infinitely more complex. Along with this, export marketing offers ample opportunities for earning huge profits and valuable foreign exchange. It is also known as International Marketing.

Features of Export Marketing

- **Systematic Process** - The export marketing is a process of collecting the right information from the right source; analyze it properly and then take systematic export marketing decisions to undertake various marketing activities.
- **Large Scale Operations** – Emphasis is placed on large orders in order to obtain economies in large sole production and distribution of goods. The economies of large scale help the exporter to quote competitive prices in the overseas markets. Exporting goods in small quantities is costly due to heavy transport cost and other formalities.
- **Customer Focus** – The exporter needs to identify customers needs and wants and accordingly design and develop products to generate and enhance customer satisfaction which will not only bring in higher sales in the overseas markets, but it will also improve and enhance goodwill of the firm.
- **Trade barriers** –There are various trade barriers because of the protective policies of different countries. Tariff and non-tariff barriers are used by countries for restricting import. The exporter/ importer must have a good knowledge of trade barriers.
- **Trading Blocs** – Export trade is also affected by trading blocs, certain nations form trading bloc for their mutual benefit and economic development. Indian exporters should have a good knowledge of important trading blocs such as NAFTA, European Union and ASEAN.
- **Three – faced competition** – Exporters have to face three-faced competition, i.e. from the suppliers of the exporter’s country, from the local producers of importing country and from the exporters of competing nations.
- **Foreign exchange regulations** – Export trade is subject to foreign exchange regulations related to payments and collection of export proceeds imposed by different countries. Such restrictions affect free movement of goods among the countries of the world.
- **Marketing – mix-** Export marketing requires the right marketing mix for the target markets, i.e. exporting the right product, at the right price, at the right place and with the right promotion.
- **International marketing Research** – Export marketing requires the support of marketing research in the form of market survey, product survey, product research and development as it is highly competitive.

Advantages of Export Marketing at the National Level

- **Earning foreign exchange–** Exports bring valuable foreign exchange to the exporting country, which is mainly required to pay for import of capital goods, raw materials, spares and components as well as importing advance technical knowledge.
- **International Relations–** One way to maintain political and cultural ties with other countries is through international trade.
- **Balance of payment –** Large – scale exports solve balance of payments problem and enable countries to have favourable balance of payment position.
- **Reputation in the world –** A country which is foremost in the field of exports, commands a lot of respect, goodwill and reputation from other countries.
- **Employment Opportunities –** Export trade calls for more production. More production opens the doors for more employment opportunities in all the sectors.
- **Promoting economic development–** Exports are needed for promoting economic and industrial development. Large-sole exports bring rapid economic development of a nation.
- **Optimum Utilization of Resources –** There can be optimum use of resources. For example, the supply of oil and petroleum products in Gulf

countries is in excess of home demand. So the excess production is exported, thereby making optimum use of available resources.

- **Spread Effect –** Other sectors also expand such as banking, transport, insurance etc. and at the same time number of ancillary industries comes into existence to support the export sector.
- **Spreading of Risks** – Export marketing helps to spread risks of business. Normally export firms sell in a number of overseas markets. If they are affected by risks (losses) in one market, they may be able to spread business risks due to good return from some other markets.
- **Higher standard of Living –** Export trade calls for more productions, which in turn increase employment opportunities. More employment means more purchasing power, as a result of which people can enjoy new and better goods, which in turn improves standard of living of the people.

Advantages of export marketing at Business / Firm / Enterprise Level

- **Reputation –** An organization which undertakes exports can bring fame to its name not only in the export markets, but also in the home market.
- **Optimum Production –** A company can export its excess production after meeting domestic demand. Thus, the production can be carried on up to the optimum production capacity. This will result in economies of large scale production.
- **Spreading of Risk –** A firm engaged in domestic as well as export marketing can spread its marketing risk in two parts. The loss is one part (i.e. in one area of marketing) can be compensated by the profit earned in the other part / area.
- **Export obligation –** Some export organization are given certain concessions and facilities only when they accept certain export obligations Large-scale exports are needed to honour such export obligations in India, units operating in the SEZs / FTZs are expected to honour such export obligations against special concessions offered to them.
- **Improvement in organizational efficiency –** Research, training and the experience in dealing with foreign markets, enable the exporters to improve the overall organizational efficiency.
- **Improvement in product standards –** An export firm has to maintain and improve standards in quality in order to meet international standards. As a result, the consumers in the home market as well as in the international market can enjoy better quality of goods.
- **Liberal Imports –** Organizations exporting on a large-scale collect more foreign exchange which can be utilized for liberal import of new technology, machinery and components. This raises the competitive capacity of export organizations.
- **Financial and non-Financial benefits –** In India, exporters can avail of a number of facilities from the government. For example, exporters can get DBK, tax exemption etc. They also can get assistance from export promotion organizations such as EPCs etc.
- **Higher profits –** Exports enable a business enterprise to earn higher prices for goods. If the exporters offer quality products, they can charge higher prices than those charged in the home market and thereby raise the profit margin.

Present problems faced by Indian exporters

- **Recession in world market** The world market, faced recession in 2008 and in the first half of 2009. During recession, exporters get low orders from overseas markets, and they have to quote lower prices. Therefore, exporter gets less profits or suffers from losses.
- **Technological differences** The developed countries are equipped with sophisticated technologies capable of transforming raw materials into finished goods on a large scale. On the other hand, the less developed countries lack technical knowledge and latest equipments. And therefore they have to use their old and outdated technologies. It leads to the lopsided development in the international market.
- **Reduction in export Incentives –** Over the years, the Govt. of India has reduced export incentives such as reduction in DBK rates, withdrawal of income tax benefits for majority of exporters, etc. The reduction in export incentives demotivates exporters to export in the overseas markets.
- **Several competitions in global marketing –** Export marketing is highly competitive. This competition relates to price, quality, production cost and sales promotion techniques used. Indian exporters face three-faced competition while exporting.

- **Problem of product standards –** Developed countries insist on high product standards from developing countries like India. The products from developing countries like India are subject to product tests in the importing countries. At times, the importing countries do not allow imports of certain items like fruits, textiles and other items on the grounds of excessive toxic content. Therefore Indian exporters lose markets especially in developed countries.
- **Fluctuations in Exchange Rate –** Every country has its own currency which is different from international currencies. The dominant international currencies are US dollar or Sterling Pound. From the point of view of Indian exporters we are interested to realize the payment in international currency. Foreign exchange earned by the operators is converted into Indian rupees and paid to the exporters in Indian currency; this exposes the exporters to the dangers of fluctuation in foreign exchange rates.
- **Problems of Sea Pirates Attacks –** A major risk faced by international trade is attack by pirates in the Gulf of Aden. More than half of India's merchandise trade passes through the piracy infested Gulf of Aden. New exporters and importers are facing problem, because of increased pirate attacks as they find it difficult to get insurance cover.
- **Problem of subsidies by Developed countries –** The developed countries like USA provide huge subsidies to their exporters. Therefore, the exporters of developing countries like India find it difficult to face competition in the world markets.
- **Problem in preparing Documents –** Export involves a large number of documents. The exporter will have to arrange export documents required in his country and also all the documents as mentioned in the documentary letter of credit. In India, there are as many as 25 documents (16 commercial and a regulatory documents) to be filled in.
- **Government restrictions and foreign exchange regulations –** The Government restrictions compel the exporters to follow certain rules and regulations in the form of licenses, quotas, and customs formalities. Due to such restrictions, new problems develop before the exporters. Even trade restrictions in foreign countries create problems before exporters. Indian exporters face this difficulty of government restrictions and foreign exchange regulations even when trade policy is now made substantially liberal.
- **High risk and Uncertainties –** Export marketing is subject to high risks and uncertainties. The risks may be both political like government instability, war etc. The commercial risks involve insolvency of the buyer, delayed default on the part of the buyer dispute on quality.
- **Competition from China –** India is facing stiff competition from China in the world markets, especially in the OECD markets. Some of the Indian exporters have lost their overseas contracts due to cheap Chinese goods and supplies. This is the major problem of exporters.

Source : Business Management Studies (BMS), University of Mumbai

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SRTEPC PAYS HOMAGE TO SHRI ARUN JARIWALA

Shri Arun Jariwala
Chairman of The Surat Art Silk Cloth Manufacturers Association (SASCMA)
1931-2017

Shri Arun Jariwala, known as the 'Bhismapitamah' of Man-made fabric (MMF) sector, passed away on Saturday 21st January 2017 after prolonged illness.

Shri Jariwala has been conferred with the SRTEPC 'Lifetime Achievement Award' for his valuable contribution to the Indian Man-made fibre textile industry in December 2014.

He was the longest serving chairman of the Federation of Indian Art Silk Weaving Industry (FIASWI) for around 23 years and one of the pioneers for establishing the Surat Art Silk Cloth Producers' Cooperative Society Limited. He was also the president of the Man Made Textile Research Association (MANTRA) and the Surat Technical Education and Research Society (STERS).

Shri Jariwala was associated with dozens of trusts and social institutions. He was also on various committees of the Ministry of Textile for the up-liftment of the textile sector including the Technology Upgradation Fund Scheme (TUFs).

INCOTERMS

INCOTERMS are international rules defining the respective responsibility of seller and buyer concerning to the supply of goods. They specify the division of risks and costs between exporter and importer. The Incoterm rules are internationally recognized and are used worldwide in international and domestic contracts for the sale of goods.

They were created by the International Chamber of Commerce (ICC) in Paris in 1936 and the latest version, the Incoterms 2010, came into effect on January 1st, 2011. Since they have been revised on a regular basis, they have kept up with changes in international trade. Incoterm rules are recognized by The United Nations Commission on International Trade Law (UNCITRAL) as the global standard for the interpretation of the most common terms in foreign trade.

Incoterms are used in contracts in a 3-letter format followed by the place specified in the contract (e.g. the port or where the goods are to be picked up).

IMPORTANCE OF INCOTERMS

A cargo may move several days before it arrives at its destination. Even though shipping is safer these days, many cargoes still do not reach their destination or reach in bad shape. And when that happens, one should know who had lost the title of the goods. For that reason, it is important for buyer and seller to pre-define the responsibilities and obligations for transport of the goods. INCOTERMS are all the possible ways of distributing responsibilities and obligations between two parties. These responsibilities and obligations include the following;

Point of delivery: Incoterms defines the point of delivery of the goods by seller to buyer. The meaning of delivery here is "transfer of risk and responsibility". So the INCOTERMS defines the point of change of hands (passing of risk) from seller to buyer.

Transportation Costs: It defines which party pays for the transportation cost. There may be more than one means of transportation and INCOTERMS defines who pays for which leg of the transportation. In case of sea transport, it also means which party will act as shipper of the cargo.

Export and import formalities: It outlines which party arranges for export and import formalities.

Insurance costs: It outlines who bears the insurance costs.

DIFFERENT TYPES OF INCOTERMS USED IN INTERNATIONAL TRADE

EXW ('Ex Works'): The seller makes the goods available to be collected at their premises and the buyer is responsible for all other risks, transportation costs, taxes and duties from that point onwards. This term is commonly used when quoting a price. Example Goods are being picked up by the buyer from the seller's premises in Birmingham. The term used in the contract is 'EXW Birmingham'.

FCA ('Free Carrier'): The seller gives the goods, cleared for export, to the buyer's carrier at a specified place. The buyer is then responsible for getting transported to the specified place of final delivery. This term is commonly used for containers travelling by more than one mode of transport.

CPT ('Carriage Paid To'): The seller pays to transport the goods to the specified destination. Responsibility for the goods transfers to the buyer when the seller passes them to the first carrier.

CIP ('Carriage and Insurance Paid'): The seller pays for insurance as well as transport to the specified destination. Responsibility for the goods transfers to the buyer when the seller passes them to the first carrier. CIP ('Carriage and Insurance Paid') is commonly used for goods being transported by container by more than one mode of transport. If transporting only by sea, CIF is often used.

DAT ('Delivered at Terminal'): The seller pays for transport to a specified terminal at the agreed destination. The buyer is responsible for the cost of importing the goods. The buyer takes responsibility once the goods are unloaded at the terminal.

DAP ('Delivered at Place'): The seller pays for transport to the specified destination, but the buyer pays the cost of importing the goods. The seller takes responsibility for the goods until they're ready to be unloaded by the buyer.

DDP/DTP ('Delivered Duty Paid'): The seller is responsible for delivering the goods to the named destination in the buyer's country, including all costs involved.

FAS ('Free Alongside Ship'): The seller puts the goods alongside the ship at the specified port they're going to be shipped from. The seller must get the goods ready for export, but the buyer is responsible for the cost and risk involved in loading them. This term is commonly used for heavy-lift or bulk cargo (e.g. generators, boats), but not for goods transported in containers by more than one mode of transport (FCA is usually used for this).

FOB ('Free on Board'): The seller gets the goods ready for export and load them onto the specified ship. The buyer and seller share the costs and risks when the goods are on board. This term is not used for goods transported in containers by more than one mode of transport (FCA is usually used for this).

CFR ('Cost and Freight'): The seller is responsible to pay the costs of bringing the goods to the specified port. The buyer is responsible for risks when the goods are loaded onto the ship.

CIF ('Cost, Insurance and Freight'): The seller pays the costs of bringing the goods to the specified port. They also pay for insurance. The buyer is responsible for risks when the goods are loaded onto the ship.

SOURCE: Wikipedia Foreign Trade.com

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TRADING BLOCS IN INTERNATIONAL TRADE

Need for Trading Blocs in International Trade

Trading blocs are a special type of economic integration. The primary objective is regional integration which enables them to take advantage of geographical proximity as well as the enlarged market formed after such mergers. It starts with reduction of barriers to trade between the member states, but the deeper objective of many such blocs is to integrate their economies. The growth in the number of these blocs is a major development of recent years and a significant fraction of global trade is done through them.

Regional Trading Bloc

A regional trading bloc (RTB) is a co-operative union or group of countries within a specific geographical boundary which protects its member nations from imports from the non-members.

Types of Regional Trading Bloc

There are four types of trading blocs −

Free Trade Area − Free Trade Areas (FTAs) are created when two or more countries in a region agree to reduce or eliminate barriers to trade on all goods coming from other members. So, all members are free to import and export goods and services among themselves. These members will continue to maintain independent trade policies with non-member countries. Eg: NAFTA and SAFTA

Customs Union − A customs union has no tariff barriers between members, plus they agree to a common (unified) external tariff against non-members. Effectively, the members are allowed to negotiate as a single bloc with third parties, including other trading blocs, or with the WTO. Eg: Eurasian Customs Union (EACU).

Common Market − In a common market, the members eliminate internal trade barriers, adopt common external trade barriers and allow free movement of resources, for example labor, among member countries. Examples include Mercosur (Southern Cone Market), East African Common Market, and West African Common market.

Economic Union - An economic union is a type of trade bloc which is composed of a common market with a customs union. In this type of union, members eliminate internal barriers, adopt common external barriers, allow free movement of resources, and adopt a uniform set of economic policies. The European Union is an example of an economic union. With one currency, they adopted one monetary policy.

Level of Integration	No Tariffs and Quotas	Common Tariffs and Quotas	No Restriction on Factor Movements	Harmonized / Unifies Economic Policies and Institutions
Free Trade Area	Yes	No	No	No
Customs Union	Yes	Yes	No	No
Common Market	Yes	Yes	Yes	No
Economic Union	Yes	Yes	Yes	Yes

Advantages of Regional Trading Blocs

The advantages of having a Regional Trading Bloc are as follows −

- **Foreign Direct Investment** − Foreign direct investment (FDI) surges in TRBs and it benefits the economies of participating nations.
- **Economies of Scale** − The larger markets created results in lower costs due to mass manufacturing of products locally. These markets form economies of scale.
- **Competition** − Trade blocs bring manufacturers from various economies, resulting in greater competition. The competition promotes efficiency within firms.
- **Trade Effects** − As tariffs are removed, the cost of imports goes down. Demand changes and consumers become the king.
- **Market Efficiency** − The increased consumption, the changes in demand, and a greater amount of products result in an efficient market.

Disadvantages of Regional Trading Blocs

The disadvantages of having a Regional Trading Bloc are as follows −

- **Regionalism** − Trading blocs have bias in favor of their member countries. These economies establish tariffs and quotas that protect intra-regional trade from outside forces. Rather than following the World Trade Organization, regional trade bloc countries participate in regionalism.
- **Loss of Sovereignty** − A trading bloc, particularly when it becomes a political union, leads to partial loss of sovereignty of the member nations.
- **Concessions** − The RTB countries want to let non-member firms gain domestic market access only after levying taxes. Countries that join a trading bloc needs to make some concessions.
- **Interdependence** − The countries of a bloc become interdependent on each other. A natural disaster, conflict, or revolution in one country may have adverse effect on the economies of all participants.

Emerging mega-trading blocs

- The **Transatlantic Trade and Investment Partnership (TTIP)** brings together two large trading entities of the world, the US and the European Union (EU), to negotiate an agreement on eliminating tariffs and lowering non-tariff barriers to trade and investment. The two sides together constitute about half of the world's Gross Domestic Product (GDP) and 30% of world trade in goods and services. The US and the EU view this trade treaty as a way to kick-start their vulnerable economies and add about 2 million jobs.

- The **Trans Pacific Partnership (TPP)** negotiations, initiated in 2010, are being conducted among 12 countries on both sides of the Pacific. On one side of the Pacific are Australia, Brunei Darussalam, Japan, Malaysia, New Zealand, Singapore and Vietnam; on the other side are Canada, Chile, Mexico, Peru and the US. These countries account for around 38% of the world's GDP and 25% of global trade.
- The third potential trading bloc is the **Regional Comprehensive Economic Partnership (RCEP)** comprising the Association of Southeast Asian Nations (ASEAN) plus Australia, China, India, Japan, Korea and New Zealand - involving 45% of the world population and a third of world GDP, and including two of the three largest economies in the world.

Potential implications for India

Although India is not included in the first two mega-trading blocs above, all of these will significantly impact India. While India has signed multiple free trade and economic partnership agreements, its track record in aligning its supply chains to these treaties has not been outstanding. In fact, in some cases, imports into India have increased faster than its exports. Moreover, the secondary reasons for the trade agreements – incentivising domestic economic reforms and furthering globalisation - have not been achieved as expected. So what should India look at vis-à-vis the mega trade blocs?

- First, the rationale for these new trading blocs appears to be two-fold. To begin with, they seem to have been envisaged not as much for trade as for strategic purposes - for example, to strengthen the presence of US in Asia.
- Secondly, these trade negotiation platforms appear to replace the global trade negotiation platform - WTO, which is widely expected to involve significant delay or not adequately meet aspirations.

However, a new format is being seen in trading rules under the TPP and TTIP, which also include rules on investment. These are now going beyond tariffs to encompass non-tariff issues such as environmental sustainability, technical standards, public procurement rules, labour standards, intellectual property etc. In some way, these are luxuries that are affordable by larger and more developed trading nations, but place a compliance burden on emerging economies such as India.

- One, for India, trade diversion arising from the implementation of these mega-trading blocs may be considerable. It is likely that trade would shift to members of the trading blocs and exclude non-members. The TPP in particular includes several of India's proximate neighbours such as ASEAN members. The TTIP, on the other hand, may encourage India's top trading partners – US and EU - to look elsewhere for markets and sources of goods.
- Two, there will be an impact of increased trade regulations that India, at this stage of development may not be able to comply with, given the large investments required. An elevated level of environmental and labour standards in the mega-trading blocs could pose a challenge for global trade overall. Consumer preferences in the US and EU – India's major markets - could shift towards the new regulations.
- Three, the investment component in these mega blocs may also divert some funds that may have otherwise come to India.

However, the impact of these developments might not be all adverse for India.

- India as a member of RCEP has the opportunity to be part of a mega-trading bloc which is more aligned with its development status. The RCEP encompasses trade, investment and economic cooperation and involves the most dynamic and fast-growing Asian economies. If properly handled, this could prove to be a stabilising bloc for global trade and the Asian region. India would need to ensure that the concerns of developing nations are met in the RCEP negotiations.
- Secondly, India has a number of Free Trade Agreements (FTA) and economic cooperation agreements in place already and is working on several more. For example, our economic cooperation treaties with Japan, Malaysia and Singapore are showing results and will ensure that these countries would remain high on our trade and investment radar. Similarly, the ASEAN-India FTA is being upgraded to include investments and trade in services. Australia and New Zealand are working with India on FTA, and are also members of RCEP. Hence, the potential negative impact on India may be moderated through these agreements.
- Third, India is a huge market for global goods and services and is likely to continue growing faster than most other markets for some time to come. It would be difficult for our trading partners to shift economic and commercial strategies away from India. In fact, given the investment opportunities arising across manufacturing, services and infrastructure, India would need to be included in the business strategies of multinational firms.

Way forward

Isolating India from the mega-trading blocs is not an option since these are realities that we must deal with or lose out in the process. Indian industry would need to understand the potential non-tariff regulations and strategise to meet the requirements as more and more such barriers evolve.

India enjoys friendly relations with all countries and has been able to put forward its perspectives on the global platform to great effect. The mega-trading blocs would therefore be expected to keep in mind the concerns of a large emerging economy like India, and the impact of trade reformatting on developing nations as a whole.

Source: The Times of India, Economics Online, Ideas for India

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FAQ's - GOODS AND SERVICES TAX (GST)

1. What is GST? How does it work?

GST is one indirect tax for the whole nation, which will make India one unified common market. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

2. What are the benefits of GST?

The benefits of GST can be summarized as under:

For business and industry

- Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.
- Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State Governments

- Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.
- Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.
- Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

For the consumer

- Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.
- Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

3. Which taxes at the Centre and State level are being subsumed into GST?

At the **Central** level, the following taxes are being subsumed:

a. Central Excise Duty,
b. Additional Excise Duty,
c. Service Tax,
d. Additional Customs Duty commonly known as Countervailing Duty, and
e. Special Additional Duty of Customs.

At the **State** level, the following taxes are being subsumed:

a. Subsuming of State Value Added Tax/Sales Tax,
b. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),
c. Octroi and Entry tax,
d. Purchase Tax,
e. Luxury tax, and
f. Taxes on lottery, betting and gambling.

4. What are the major chronological events that have led to the introduction of GST?

GST is being introduced in the country after a 13 year long journey since it was first discussed in the report of the Kelkar Task Force on indirect taxes. A brief chronology outlining the major milestones on the proposal for introduction of GST in India is as follows:

a. In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensive Goods and Services Tax (GST) based on VAT principle.

b. A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07.

c. Since the proposal involved reform/ restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).

d. Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.

e. In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.

f. In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.

g. Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, a ‘Committee on GST Design’, consisting of the officials of the Government of India, State Governments and the Empowered Committee was constituted.

h. This Committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.

i. The Empowered Committee in the Bhubaneswar meeting also decided to constitute three committees of officers to discuss and report on various aspects of GST as follows:-

   i. Committee on Place of Supply Rules and Revenue Neutral Rates;

   ii. Committee on dual control, threshold and exemptions;

   iii. Committee on IGST and GST on imports.

j. The Parliamentary Standing Committee submitted its Report in August, 2013 to the Lok Sabha. The recommendations of the Empowered Committee and the recommendations of the Parliamentary Standing Committee were examined in the Ministry in consultation with the Legislative Department. Most of the recommendations made by the Empowered Committee and the Parliamentary Standing Committee were accepted and the draft Amendment Bill was suitably revised.

k. The final draft Constitutional Amendment Bill incorporating the above stated changes were sent to the Empowered Committee for consideration in September 2013.

l. The EC once again made certain recommendations on the Bill after its meeting in Shillong in November 2013. Certain recommendations of the Empowered Committee were incorporated in the draft Constitution (115th Amendment) Bill. The revised draft was sent for consideration of the Empowered Committee in March, 2014.

m. The 115th Constitutional (Amendment) Bill, 2011, for the introduction of GST introduced in the Lok Sabha in March 2011 lapsed with the dissolution of the 15th Lok Sabha.

n. In June 2014, the draft Constitution Amendment Bill was sent to the Empowered Committee after approval of the new Government.

o. Based on a broad consensus reached with the Empowered Committee on the contours of the Bill, the Cabinet on 17.12.2014 approved the proposal for introduction of a Bill in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country. The Bill was introduced in the Lok Sabha on 19.12.2014, and was passed by the Lok Sabha on 06.05.2015. It was then referred to the Select Committee of Rajya Sabha, which submitted its report on 22.07.2015.

5. How would GST be administered in India?

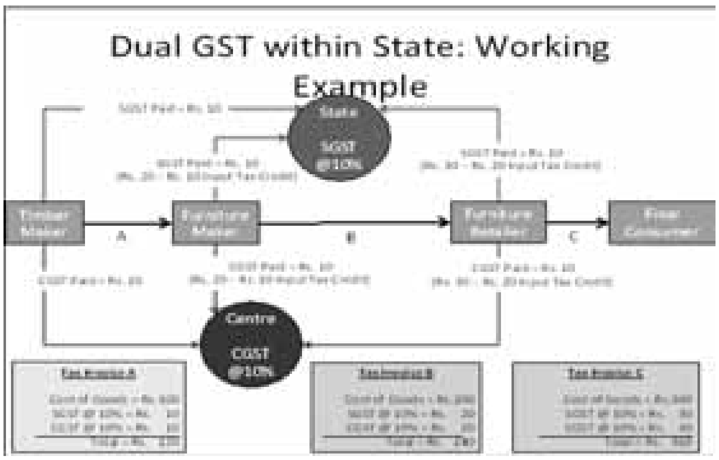
Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

6. How would a particular transaction of goods and services be taxed simultaneously under Central GST (CGST) and State GST (SGST)?

The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except on exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of Central Excise.

A diagrammatic representation of the working of the Dual GST model within a State is shown in Figure 1 below.

Figure 1: GST within State



7. Will cross utilization of credits between goods and services be allowed under GST regime?

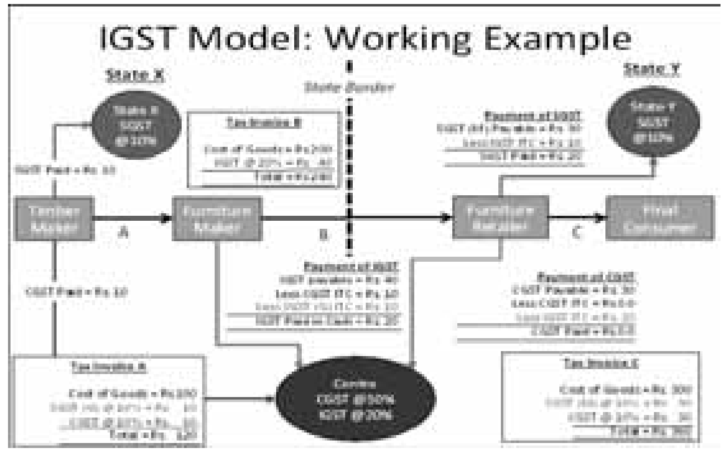
Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization of CGST and SGST would not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained in answer to the next question.

8. How will be Inter-State Transactions of Goods and Services be taxed under GST in terms of IGST method?

In case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST.Since GST is a destination-based tax, all SGST on the final product will ordinarily accrue to the consuming State.

A diagrammatic representation of the working of the IGST model for inter-State transactions is shown in Figure 2 below.

Figure 2



9. How will IT be used for the implementation of GST?

For the implementation of GST in the country, the Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders. The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State/ UT governments.

GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.

There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed.

10. How will imports be taxed under GST?

The Additional Duty of Excise or CVD and the Special Additional Duty or SAD presently being levied on imports will be subsumed under GST. As per explanation to clause (1) of article 269A of the Constitution, IGST will be levied on all imports into the territory of India. Unlike in the present regime, the States where imported goods are consumed will now gain their share from this IGST paid on imported goods.

11. How will Exports be treated under GST?

Exports will be treated as zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and same will be available as refund to the exporters.

12. What are the major features of the Constitution (122nd Amendment) Bill, 2014?

The salient features of the Bill are as follows:

i. Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;

ii. Subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs;

iii. Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling;

iv. Dispensing with the concept of 'declared goods of special importance' under the Constitution;

v. Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services;

vi. GST to be levied on all goods and services, except alcoholic liquor for human consumption. Petroleum and petroleum products shall be subject to the levy of GST on a later date notified on the recommendation of the Goods and Services Tax Council;

vii. Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years;

viii. Creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. The Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.

13. What are the major features of the proposed registration procedures under GST?

The major features of the proposed registration procedures under GST are as follows:

i. **Existing dealers**: Existing VAT/Central excise/Service Tax payers will not have to apply afresh for registration under GST.

ii. **New dealers**: Single application to be filed online for registration under GST.

iii. The registration number will be PAN based and will serve the purpose for Centre and State.

iv. Unified application to both tax authorities.

v. Each dealer to be given unique ID GSTIN.

vi. Deemed approval within three days.

vii. Post registration verification in risk based cases only.

14. What are the major features of the proposed returns filing procedures under GST?

The major features of the proposed returns filing procedures under GST are as follows:

i. **Common return** would serve the purpose of both Centre and State Government.

ii. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.

iii. **Small taxpayers**: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis.

iv. Filing of returns shall be completely online. All taxes can also be paid online.

15. What are the major features of the proposed payment procedures under GST?

The major features of the proposed payments procedures under GST are as follows:

i. Electronic payment process- no generation of paper at any stage

ii. Single point interface for challan generation- GSTN

iii. Ease of payment – payment can be made through online banking, Credit Card/Debit Card, NEFT/RTGS and through cheque/cash at the bank

iv. Common challan form with auto-population features

v. Use of single challan and single payment instrument

vi. Common set of authorized banks

vii. Common Accounting Codes

SOURCE: PIB, CBEC

MINISTRY OF COMMERCE & INDUSTRY

DGFT

Sr. No.	Heading No.	Date	Subject	Description	Download the Link
(1)	Public Notice No. 51/2015-2020	30.12.2016	Certification of Origin of Goods for European Union Generalised System of Preferences (EU-GSP) - Modification of the system as of 1 January 2017	Insertion of a new sub para (c) under Para 2.104 Generalised System of Preferences (GSP) informing that the European Union (EU) has introduced a self-certification scheme for certifying the rules of origin under GSP from 1.1.2017 onwards	http://dgft.gov.in/Exim/2000/PN/PN16/PN5116.pdf
(2)	Public Notice No. 50/2015-2020	30.12.2016	Enlistment of one PSIA in terms of para 2.55 (d) of HBP 2015-20 in Appendix 2G	Inclusion of one PSIA under the heading "New PSIAs recognised in terms of FTP 2015-20 in Appendix 2G.	http://dgft.gov.in/Exim/2000/PN/PN16/PN5016.pdf
(3)	Public Notice No. 48/2015-2020	29.12.2016	Procedure for claiming Duty Credit Scrips under Chapter 3 of FTP 2009-14 for shipments where LEO date is upto 31.03.2015 but date of export is on or after 01.04.2015	DGFT has clarified that the shipments, where LEO date as on or prior to 31.03.2015, but the Date of Export on or after 01.04.2015, shall be incentivized with the Chapter 3 benefits as was available in the FTP 2009-14. It is also clarified that in all such cases, the LEO date shall be treated as date of export.	http://dgft.gov.in/Exim/2000/PN/PN16/PN4816_English.pdf
(4)	Public Notice No. 47/2015-2020	15.12.2016	Enlistment of Seven Pre-Shipment Inspection Agencies (PSIAs) in terms of Para 2.55 (d) of HBP 2015-20 in Appendix 2G	The seven Pre- Shipment Inspection Agencies (PSIAs) recognized in the given Public Notice will be placed under the heading "New PSIAs recognized in terms of FTP 2015-20 in Appendix 2G.	http://dgft.gov.in/Exim/2000/PN/PN16/PN4716.pdf

MINISTRY OF FINANCE

CBEC - CUSTOMS

Sr. No.	Heading No.	Date	Subject	Description	Download the Link
(1)	Notification No. 66/2016-Customs	31.12.2016	Seeks to amend notification No. 152/2009-Customs dated 31.12.2009 so as to provide deeper tariff concessions in respect of specified goods imported from Korea RP under the India-Korea Comprehensive Economic Partnership Agreement (CEPA) w.e.f. 01.01.2017 and to carry out editorial changes as a result of HS 2017 changes	Government has amended Customs Notification No.152/2009-Customs, dated the 31st December, 2009, so as to provide deeper tariff concessions in respect of specified goods imported from Korea RP under the India-Korea Comprehensive Economic Partnership Agreement (CEPA) (Relevant extract of the Notification)	http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs66-2016.pdf

SR. No.	Chapter, Heading	Description	Rate (in percentage unless otherwise specified)
(1)	(2)	(3)	(4)
411	5401	All Goods	0.00
412	540232	All Goods	0.00
413	540251 to 540261	All Goods	0.00
414	540333 to 540339	All Goods	0.00
415	540342 to 540600	All Goods	0.00
416	540720 to 540741	All Goods	0.00

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<td>(2)</td>
<td>Notification No. 65/2016-Customs</td>
<td>31.12.2016</td>
<td>Seeks to amend Notification No. 53/2011-Customs dated 01st July, 2011, so as to provide deeper tariff concessions in respect of specified goods imported from Malaysia under the India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA) w.e.f. 01.01.2016 and to carry out editorial changes as a result of HS 2017 changes</td>
<td>Government has amended Customs Notification No. 53/2011-Customs dated 01st July, 2011 so as to provide deeper tariff concessions in respect of specified goods imported from Malaysia under the India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA). (Relevant extract of the Notification)
In the said notification, for the Table, the following shall be substituted, namely
<table>
<tr><th>SR. No.</th><th>Chapter, Heading</th><th>Description</th><th>Rate (in percentage unless otherwise specified)</th></tr>
<tr><td>(1)</td><td>(2)</td><td>(3)</td><td>(4)</td></tr>
<tr><td>683</td><td>5401</td><td>All Goods</td><td>0.0</td></tr>
<tr><td>684</td><td>540211 to 540219</td><td>All Goods</td><td>5.0</td></tr>
<tr><td>685</td><td>540220</td><td>All Goods</td><td>5.0</td></tr>
<tr><td>686</td><td>540231 to 540232</td><td>All Goods</td><td>5.0</td></tr>
<tr><td>687</td><td>540233</td><td>All Goods</td><td>5.0</td></tr>
<tr><td>688</td><td>540234 to 540239</td><td>All Goods</td><td>5.0</td></tr>
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<td>http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs65-2016.pdf</td>
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<td>(3)</td>
<td>Notification No. 63/2016-Customs</td>
<td>31.12.2016</td>
<td>Seeks to amend notification No. 46/2011-Customs dated 01.06.2011 so as to provide deeper tariff concessions in respect of specified goods when imported from ASEAN under the India-ASEAN Free Trade Agreement w.e.f. 01.01.2017</td>
<td>Government has amended Customs Notification No. 46/2011-Customs dated 01.06.2011, so as to provide deeper tariff concessions in respect of specified goods when imported from ASEAN under the India-ASEAN Free Trade Agreement.
<table>
<tr><th>SR. No.</th><th>Chapter, Heading</th><th>Description</th><th>Rate (%)</th><th>Chapter, Heading</th></tr>
<tr><td>(1)</td><td>(2)</td><td>(3)</td><td>(4)</td><td>(5)</td></tr>
<tr><td>651</td><td>5401</td><td>All Goods</td><td>0.0</td><td>5.0</td></tr>
<tr><td>652</td><td>540211 to 540219</td><td>All Goods</td><td>5.0</td><td>6.0</td></tr>
<tr><td>653</td><td>540220</td><td>All Goods</td><td>5.0</td><td>5.0</td></tr>
<tr><td>654</td><td>540231 to 540232</td><td>All Goods</td><td>5.0</td><td>6.0</td></tr>
<tr><td>655</td><td>540233</td><td>All Goods</td><td>5.0</td><td>5.0</td></tr>
<tr><td>656</td><td>540234 to 540239</td><td>All Goods</td><td>5.0</td><td>6.0</td></tr>
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<td>http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs63-2016.pdf</td>
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<td>(4)</td>
<td>Notification No. 62/2016-Customs</td>
<td>31.12.2016</td>
<td>Seeks to withdraw BCD exemption, available to specified fabrics, of value equivalent to 1% of the FOB value of exports in the preceding financial year, for manufacture of textile garments for exports, subject to the specified conditions [S. No. 284A of Notification No. 12/2012-Customs dated 01.03.2012 refers].</td>
<td>In the said notification, in the Table, in the proviso, after clause (d) the following clause shall be inserted, namely:
-(dd) the goods specified against serial no. 284A of the said Table on or after the first day of January, 2017”.</td>
<td>http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs62-2016.pdf</td>
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(5)	Notification No. 02/2017-Customs (NT)	06.01.2017	Seeks to further amend notification 63/94 dated 21st November 1994	Amendments have been made in the Notification by substituting and inserting Land Customs Stations	http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt02-2017.pdf
(6)	Notification No. 01/2017-Customs (NT)	05.01.2017	Rate of exchange of conversion of the foreign currency w.e.f. 06th January, 2017	CBEC hereby notifies the exchange rate relating to Imported and Exported goods,	http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt01-2017.pdf
(7)	Notification No. 150/2016-Customs (NT)	31.12.2016	Amendments in the First Schedule to the Customs Tariff Act, 1975 [as amended by the Fourth Schedule of the Finance Act, (28 of 2016)]	Government had made amendments by substituting entries under Chapter 55, for heading 5502, sub-heading 5502 00, tariff items 5502 00 10 to 5502 00 90.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt150new-2016.pdf
(8)	Notification No. 146/2016-Customs (NT)	14.12.2016	Notification of Raiganj Railway Station in the district of Uttar Dinajpur, West Bengal as a Land Customs Station.	Amendments have been made in the Notification by substituting and inserting Land Customs Stations	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt146-2016.pdf
(9)	Notification No. 01/2017-Customs (ADD)	05.01.2017	Seeks to levy definitive anti-dumping duty on import of 'Jute Products' viz. Jute Yarn/Twine (multiple folded/cabled and single), Hessian fabric and Jute sacking bags from Bangladesh or Nepal for a period of five years (unless revoked, superseded or amended earlier)	Anti Dumping duty imposed on Jute Products namely, Jute Yarn/Twine (multiple folded/cabled and single), Hessian fabric, and Jute sacking bags (hereinafter referred to as the subject goods) falling under Tariff Headings 5307, 5310, 5607 or 6305 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in, or exported from Bangladesh and Nepal (hereinafter referred to as subject countries), and imported into India.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-add2017/csadd01-2017.pdf
(10)	Circular No. 01/2017-Customs	04.01.2017	Extending the Single Window Interface for Facilitation of Trade (SWIFT) to Exports	Board has informed that with successful implementation of Single Window Interface for Facilitation of Trade (SWIFT) for imports, it is proposed to implement online-release from Partner Government Agencies (PGAs) for exports from January 5, 2017 onwards as a pilot at Chennai, Delhi and Mumbai Air cargo complexes for CITES/ wildlife items and the procedure regarding the same has been prescribed.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ01-2017cs.pdf

CBEC - CENTRAL EXCISE

Sr. No.	Heading No.	Date	Subject	Description	Download the Link
(1)	Notification No. 37/2016- Central Excise	31.12.2016	Amendments in Notification 30/2004–Central Excise dated 9th July, 2004	In the said notification, in the Table,- (i) against serial number 7, in the entry in column (2), for the figures "5402 59 10, 5402 61 00, 5402 69 30", the figures "5402 53 00, 5402 61 00, 5402 63 00" shall be substituted; (ii) against serial number 11, in the entry in column (3) the brackets, words and figure "(except 5601 10 00)" shall be omitted;	http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-tarr2016/ce37-2016.pdf

(2)	Notification No. 49/2016- Central Excise (NT)	31.12.2016	Amendments in the First Schedule to the Central Excise Tariff Act, 1985	In Chapter 55, for heading 5502, sub-heading 5502 00, tariff items 5502 00 10 to 5502 00 90 and the entries relating thereto, shall be substituted.	http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-nt2016/cent49-2016.pdf
CBEC - SERVICE TAX					
Sr. No.	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
(1)	Notification No. 53/2016- Service Tax	19.12.2016	Seeks to amend Service Tax Rules, 1994 so as to allow a person located in non taxable territory providing online information and database access or retrieval services to a non-assesse online recipient to issue online invoices not authenticated by means of a digital signature for a period upto 31st January, 2017.	In the Service Tax Rules, 1994, in rule 4C, in sub-rule (1), the following proviso shall be inserted, namely:- ‘Provided that a person located in non-taxable territory providing online information and database access or retrieval services to a non-assesse online recipient located in taxable territory may issue online invoices not authenticated by means of a digital signature for a period upto 31st January, 2017’	http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2016/st53-2016.pdf
MUMBAI CUSTOMS					
Sr. No.	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
(1)	Public Notice No. 186/2016	23.12.2016	Processing of old Drawback claims pending in Mumbai Port, Mumbai Customs, Zone- I, in Electronic Data Interchange (EDI) in different Queues due to various reasons	Members of Trade are intimated about a large number of pending drawback claims with Customs due to following reasons : a) Brand Rate Fixation from Central Excise (b) Queries to Exporters (c) Export General Manifest (EGM) not filed or wrong filed/ EGM error (d) ‘Suspended’ queue	http://mumbaicustomszone1.gov.in/site/PublicNotice.aspx?id=2281 & mode = download
(2)	Public Notice No. 177/2016	19.12.2016	Documents required for the generation and release of Export Promotion (EP) Copy- Amendment to Public Notice No. 165/ 2016 dated 21.11.2016	The Trade is advised to submit Bill of Lading for the generation of Export Promotion (EP) Copy (except in the case of Bulk Cargo) and the practice of issuing Mate receipt will continue in the case of Bulk Cargo.	http://www.mumbai-customszone1.gov.in/site/PublicNotice.aspx?id=2280&mode=view
SAHAR AIR CARGO CUSTOMS					
Sr. No.	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
(1)	Public Notice No. 52/2016	29.12.2016	Setting up of Control Room for facilitation of trade on coming in force of 2017 Edition of the WCO Harmonized System Nomenclature w.e.f. 01.01.2017	Amendments have been made as per the 2017 Edition of WCO Harmonized System Nomenclature which includes 233 sets of amendments and divided into various categories. Also, a Control Room will be operational from 31.12.2016 to 03.01.2017 (excluding 01.01.2017-Sunday) to guide and respond to queries of members of the Trade.	http://accmumbai.gov.in/aircargo/miscellaneous/public_notices/2016-17/public-notice-52.pdf

(2)	Public Notice No. 51/2016	21.12.2016	Steps for reducing rising of queries during assessment	Members of Trade/ Importers are advised to give due attention to aforesaid errors / shortcomings at the time of filing of document itself and ensure avoidance of the same/ submission of requisite documents beforehand, will ensure smooth and faster assessment, thus reducing overall dwell time.	http://accmumbai.gov.in/aircargo/miscellaneous/public_notices/2016-17/public-notice-51.pdf
(3)	Public Notice No. 50/2016	09.12.2016	New Export Heavy and Bonded Cargo Terminal	M/s. MIAL is appointed as the Custodian of the goods to be exported and bonded goods received at the Export heavy and bonded cargo terminal.	http://accmumbai.gov.in/aircargo/miscellaneous/public_notices/2016-17/public-notice-50.pdf
JNCH CUSTOMS					
Sr. No.	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
(1)	Public Notice No. 4/2017	10.01.2017	Printing of EP Copy (Prescribed time limit)	In order to facilitate the trade and to clear the past pending EP printout, EP Copies Print Section has been made functional in four Container Freight Stations (CFSs) namely – JWC CFS, Punjab Conware CFS, Maharashtra State Warehousing Corporation (MSWC) CFS and Distripark CFS till 31st January, 2017. The Export Promotion EP Copy Print will be available only in respect of those shipping bills, which were filed before issuance of Boards Circular No. 55/2016-Customs dated 23rd November, 2016 and hence no EP Copy printouts will be made available after 31st January 2017.	http://www.jawaharcustoms.gov.in/pdf/PN-2017/PN_NO_04.pdf
(2)	Public Notice No. 3/2017	09.01.2017	Export of Factory Stuffed container; Export through CFS mode clarification	Members of Trade are invited to the Standard Operating Procedure consequent to commencement of “Document Processing Area” in the Parking Plaza and Gate Automation for Export & Import through NSCIT/NSIGT, GTI & JNPCT.	http://www.jawaharcustoms.gov.in/pdf/PN-2017/PN_NO_03.pdf
(3)	Public Notice No. 1/2017	04.01.2017	Compliance of Procedure for movement of import cargo in containers from Port to Container Freight Station (CFS) as prescribed vide Facility Notice No 69/2011, dated 03.05.2011 and or Direct Port Delivery as prescribed vide Facility Notice No 161/2016, dated 28.11.2016 and provisions of “Handling of Cargo in Customs Areas Regulations, 2009” by, Shipping Lines / Shipping Agents	All Members of Trade are requested to comply with the Procedure for movement of import cargo in containers from Port to Container Freight Station (CFS) and provisions of “Handling of Cargo in Customs Areas Regulations, 2009” by, Shipping Lines / Shipping Agents.	http://www.jawaharcustoms.gov.in/pdf/PN-2017/PN_NO_01.pdf

NOTICE

(4)	Public Notice No. 184/2016	03.01.2017	Clarification in respect of "part delivery" where Out Of Charge (OOC) is obtained at DPD/RMS (Direct Part Delivery (DPD)/ Risk Management System) Facilitation Centre at JNCH	Recently, Members of Trade sought clarification from the Customs that after obtaining Out of Charge at RMS facilitation Centre, in case of part delivery, will the importer still have to take permission from Customs, and if so from whom. The issue was examined and it is clarified in Public Notice No.184/2017 dated 03.01.2017	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_184.pdf
(5)	Public Notice No. 183/2016	29.12.2016	Intimation of updation of WCO Harmonized System of Nomenclature & Steps taken for its smooth implementation	The 2017 Edition of the World Customs Organization (WCO) Harmonized System Nomenclature includes 233 sets of amendments, divided into six categories: agricultural sector 85; chemical sector 45; wood sector 13; textile sector 15; base metal sector 6; machinery sector 25; transport sector 18; other sectors 26, w.e.f. 01.01.2017.	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_183.pdf
(6)	Public Notice No. 182/2016	23.12.2016	Procedure in respect of clearance of import FCL (Full Container Load) containers involving Participating Government Agencies (PGAs)	The Participating Government Agencies (PGAs) are requested to extend the scope of provisional NOC to all goods after a proper study and suitable changes in the existing procedure so that the dwell time is reduced. There may be circumstances where the importer may be asked to furnish dual 'No Use Bond' one in favour of the PGA and another in favour of the customs. However, it is emphasized that the facilitation measure being extended by this Public Notice should not be confused with any laxity in observance and compliance of the Acts, Rules, Regulations and Notifications of PGAs.	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_182.pdf
(7)	Public Notice No. 181/2016	20.12.2016	Mandatory filing of Advance Filing of Bill of Entry in case of Less Container Load (LCL) cargo also	JNCH Customs has decided that advance /prior filing of Bills of Entry in the Indian Customs Electronic Data Interchange System (ICES system) for LCL cargo will be mandatory w.e.f. 01.01.2017, as a measure to ensure faster clearances, reduce dwell time of cargo and as a step towards 'Ease of Doing Business'	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_181.pdf
(8)	Public Notice No. 180/2016	19.12.2016	Extension of facility of Direct Port Delivery to main importers and other steps taken for ease of doing business	It has been decided by JNCH Customs to extend Direct Port Delivery (DPD) permission to importers as mentioned in the Annexure-A enclosed to this Public Notice	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_180.pdf

(9)	Public Notice No. 175/2016	15.12.2016	Facilitation programmes viz. Authorized Economic Operator (AEO) Programme- Appointment of Client Relationship Manager (CRM) — Revised Guidelines	As a measure of facilitation of AEO Programme, an “Authorized Economic Operator Cell” has been created at JNCH.	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_175.pdf
(10)	PUBLIC Notice No. 174/2016	15.12.2016	Standard Operating Procedure consequent to commencement of “Document Processing Area” in the Parking Plaza and Gate Automation for Export & Import through NSICT / NSIGT, GTI & JNPCT;	Members of Trade are invited to the Public Notice No 163/2016, dated 01.12.2016 issued by Jawaharlal Nehru Customs House (JNCH) about procedure in regard to Export of containers (entry of factory stuffed (including self-sealed) and CFS stuffed Export Containers into port terminals after granting of LEO at Parking Area) and movement of Import Containers from Port Terminal to CFS/ICD as well as Direct Port Delivery to importers.	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_174.pdf
(11)	Public Notice No. 173/2016	14.12.2016	Verification of BG/Certificate on e-mail instead of Fax	One of the ways to make Customs clearance easier is to reduce the use of paper and to introduce electronic messaging and paperless processing. To make communication faster, paperless and easier, it is directed that verification/ confirmation of Bank Guarantee/ Certificate/LUT should be done through e-mail by using official emailids.	http://www.jawaharcustoms.gov.in/pdf/PN-2016/PN_NO_173.pdf
			MINISTRY OF TEXTILES		
Sr. No.	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
(1)	Notification F. No. 12015/47/2016-IT	03.01.2017	Scheme for Rebate of State Levies on Export (ROSL) of Made-ups 2016	Government has announced a Scheme for Rebate of State Levies (ROSL) on Export of Made-ups 2016	http://storage.unitedweb-network.com/files/21/8ee599efa3c769fb26e723979af61573.pdf
(2)	Notification F. No. 12015/47/2016-IT	03.01.2017	Resolution dt.10/01/2017 for providing on additional subsidy of 10% Capital Investment Subsidy for made-ups units under ATUFS	Ministry of Textiles has notified vide Resolution No. 6/18/2016- TUFS dated 10.01.2017 a “Scheme for providing on additional subsidy of 10% Capital Investment Subsidy for made-ups units under ATUFS”.	http://texmin.nic.in/sites/default/files/ATUFS-Resolution-madeups.pdf

(Continued from Page 1)

Import of textile and apparel products from India in 2015

Chp.	Product Description	Kenya's imports from India				Kenya's imports from world		
		Value in US$ 000	Annual growth in value between 2011-2015%, p.a.	Share in Kenya's imports, %	Equivalent ad valorem tariff applied by faced to Kenya	Value in 2015, US$000	Annual growth in value between 2011-2015, %	Share in world imports, %, p.a.
50	Silk	19	-31	42	25	45	-43	Negligible
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	1	-77	Negligible	12	613	7	Do
52	Cotton	6,426	-4	4	17	144,553	8	Do
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	991	4	6	18	17,543	32	Do
54	Man-made filaments; strip and the like of man-made textile materials	17,632	-5	10	20	180,036	7	Do
55	Man-made staple fibres	30,374	-3	20	14	155,655	6	Do
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	4,130	25	2	17	198,883	92	1
57	Carpets and other textile floor coverings	3,660	72	22	25	16,326	24	Do
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	824	28	5	25	15,969	7	Do
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable . . .	4,040	14	15	10	26,768	Negligible	Do
60	Knitted or crocheted fabrics	1,027	46	1	25	95,704	7	Do
61	Articles of apparel and clothing accessories, knitted or crocheted	3,943	16	1	25	405,635	49	Do
62	Articles of apparel and clothing accessories, not knitted or crocheted	8,625	1	2	25	460,727	72	Do
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	21,210	8	7	28	304,151	9	1
TOTAL		102,902				2,022,608		

The average share of Indian manmade fibre and blended textiles in Kenya's imports is over 10%. However, significant level of negative growth in exports has been witnessed in recent period, especially on exports of manmade filaments and manmade staple fibres with a negative growth of 5% and 3% respectively in Kenya's import of these textiles from India whereas Kenya's global import of these textiles are increasing. Therefore, continued efforts should be on to penetrate this market more and sustain exports of Indian manmade fibre textiles to the Kenyan market. Moreover, the main available fibre in Kenya is cotton not the manmade fibres. But, when it comes to use of outfits by mass population in Kenya, these are mostly made of synthetic fibres which is the most affordable and easy to maintain. To compensate this growing demand from the masses, this country mostly depends of imports of the manmade and blended textiles.

Leading countries supplying Synthetic textiles to Kenya in 2015

Rank	Country	Rank	Country
1	China	6	Japan
2	India	7	Thailand
3	Singapore	8	Taipei, Chinese
4	Korea, Republic of	9	Egypt
5	Indonesia	10	South Africa

SOURCE: UN Comtrade

Structure of the Apparel Sector

Thousands of apparel companies operate in Kenya. Approximately 170 are medium and large, while upwards of 74,000 are small and micro companies. Twenty-one companies operate in the EPZ, employing an average of 1,800 people per company. While the cost structure of apparel companies varies significantly by firm size, for the larger companies, the high cost of imported material (which is a fixed cost due to the absence of export quality fabric in Kenya) contributes to the majority of the manufacturing cost (approximately 64 percent). Overheads also account for a significant portion of costs, at 21 percent. The only aspects of production where cost and quality can be managed to improve competitiveness are labour, electricity, and overheads.

Approximately 70 percent of Kenyan apparel firms have a US-dominant market orientation, meaning that at least 80 percent of their output is sold to US markets as indicated in Figure. Since the majority of Kenyan apparel firms have a US-dominant market orientation, exports to the US serve as a proxy for overall trends in Kenyan apparel exports.

Product wise, six of Kenya's top ten exports are cotton products, while four are man-made fibre products. Almost half of Kenya's apparel exports to the US are comprised of women's and girls' (W/G) cotton trousers, slacks, and shorts, and W/G man-made fibre (MMF) slacks, breeches, shorts, knit shirts, and blouses.

There are no standalone dyeing and finishing plants and services; this part of the production value chain is deeply integrated with textile mills. The Design and sewing segment consists of non EPZ firms (small/micro as well as medium and large apparel companies) and firms inside the EPZs, which are divided into foreign investment firms, accessory producers, and local micro firms located in the Export Business Accelerator (EBA). These firms work at 100 percent capacity utilization, and around 93 percent of their fabric supply is imported from China, Hong Kong, Taiwan, India, and Pakistan, as are the trims, machinery, and spare parts utilized in apparel production. There are significantly more apparel companies than textile manufacturers—170 medium and large companies, 74,576 small and micro companies, 22 foreign firms, and 9 accessory producers.

Almost all of textile products manufactured in EPZ are exported, mostly to the U.S. Around 15 companies outside the EPZ export globally. The rest supply to the local market with products for local hotels, conference materials, home décor, and tourism. The local market is also supplied by finished products from the second hand (mitumba) market and from smuggled goods. Exported apparel are retailed through mass merchandise chains, factory outlets, and mall orders, which then filter to department stores or specialty boutiques.

ECONOMIC OVERVIEW

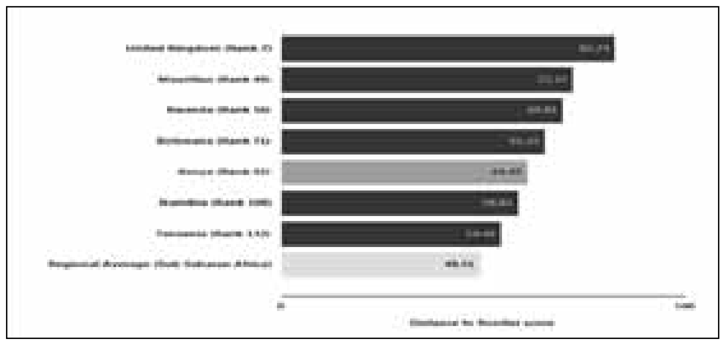
The World Bank's most recent Kenya Economic Update (KEU) March 2016 **projected a 5.9% growth in 2016, rising to 6% in 2017.** The report attributed the positive outlook to low oil prices, good agriculture performance, supportive monetary policy, and ongoing infrastructure investments.

According to the latest Kenya National Bureau of Statistics (KNBS) quarterly report, Kenya's economy expanded by 6.2% in the second quarter compared to 5.9% in the same period in 2015. This growth was mainly supported by agriculture, forestry and fishing; transportation and storage; real estate; and wholesale and retail trade. Manufacturing, construction, financial and insurance sectors slowed down during this quarter while accommodation and food services, mining and quarrying; electricity and water supply; and information and communication sectors recorded improvements.

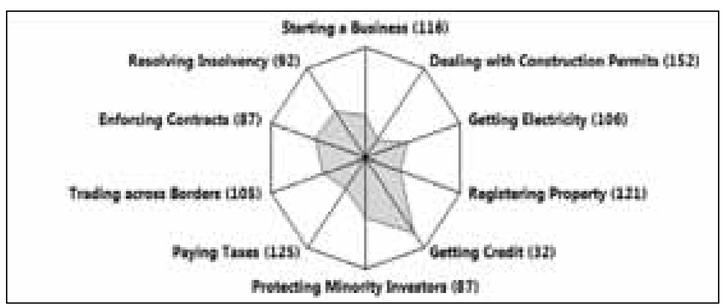
In August of 2016, the President of Kenya signed into law, an amendment to the 2015 Banking Bill which capped lending interest rates. **The law caps the maximum lending interest rate at 4% above the base rate set by the Central Bank of Kenya.**

THE BUSINESS ENVIRONMENT

Knowing where an economy stands in the aggregate ranking on the ease of doing business is useful. Also useful is to know how it ranks relative to comparator economies and relative to the regional average. The economy's rankings and distance to frontier scores) on the topics included in the ease of doing business ranking provide another perspective.



Rankings on Doing Business topics - Kenya (Scale: Rank 190 center, Rank 1 outer edge)



SOURCE: World Bank Doing Business database

Kenya has the potential to be one of Africa's great success stories from its growing youthful population, a dynamic private sector, a new constitution, and its pivotal role in East Africa. Addressing challenges of poverty, inequality, governance, low investment and low firm productivity to achieve rapid, sustained growth rates that will transform lives of ordinary citizens, will be a major goal for Kenya.

ETHIOPIA AT A GLANCE

Population	99.39 million	2015
GDP (US$)	$61.54 billion	2015
GDP growth	9.6%	2015
Inflation	10.1%	2015
GNI Per Capita (US$)	590	2015

Introduction

Ethiopia's long history in textiles began in 1939 when, under Italian occupation, the first garment factory was established. The country's current textiles industry encompasses spinning, weaving and processing. Ethiopia has five public textile factories producing mostly work-wear garments for the domestic market. Numerous privately-owned factories produce shirts, suits, work clothes and uniforms for national and foreign/export markets.

Ethiopia is also a largely cotton growing country. Large-scale cotton production is carried out under irrigation, mainly in the Awash Valley, which has more than 50,000 hectares under cultivation. Another 45,000 hectares of high-quality cotton is cultivated by small-scale farmers. There still exists huge potential for the expansion of cotton cultivation in Ethiopia, especially in the Omo-Gibe, Wabi Shebelle, Baro Akobo, Blue Nile and Tekeze River basins. The production of cotton is well integrated into the textile sector, with garment factories relying heavily on domestically produced cotton.

The Ethiopian cotton, textile and garment sector is one of the key manufacturing industries prioritized by the government and expected to substantially boost performance in the second Growth and Transformation Plan (GTP). Hence, according to recent information, it is expected to generate about a billion USD by the end of GTP II period. Hence, the government is aggressively working to streamline, improve, support and expand the textile industry both in the domestic and foreign markets so as to emerge competitive at the international markets. It is also highly engaged in industrial parks construction in the different parts of the country.

Presently, the whole textile industries and their value chains are exhibiting change for the better. Besides, the industry is believed to be one of the first steps into industrialization and creating opportunities for employment and increasing international and global trade. Because, increased integration into the global economy is one of the best ways for developing the nation, improving the standards of living and reducing poverty levels through economic expansion, job creation among others things.

Import of textile and apparel products from India in 2015

Chp.	Product Description	Ethiopia's imports from India				Ethiopia's imports from world		
		Value in US$ 000	Annual growth in value between 2011-2015%, p.a.	Share in Ethiopia's imports, %	Equivalent ad valorem tariff applied by faced to Ethiopia	Value in 2015, US$000	Annual growth in value between 2011-2015, %	Share in world imports, %, p.a.
50	Silk	172	46	14	35	1,255	133	Negligible
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	183	33	1	22	12,226	40	Do
52	Cotton	18,561	58	56	25	32,928	44	Do
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	802	260	11	19	7,318	17	Do
54	Man-made filaments; strip and the like of man-made textile materials	15,175	19	8	29	195,404	17	Do
55	Man-made staple fibres	10,207	1	11	21	90,024	27	Do
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	47,127	313	70	33	67,700	111	Do
57	Carpets and other textile floor coverings	12	-44	Negligible	35	21,940	65	Do
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	1,261	15	3	33	36,146	55	Do
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable...	461	15	1	17	42,455	78	Do
60	Knitted or crocheted fabrics	84	74	Negligible	35	27,109	110	Do
61	Articles of apparel and clothing accessories, knitted or crocheted	324	-32	Negligible	35	142,909	31	Do
62	Articles of apparel and clothing accessories, not knitted or crocheted	6,929	15	2	35	325,896	40	Do
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	10,756	71	8	30	141,875	38	Do
TOTAL		**112,045**				**1145,185**		

The average share of Indian manmade fibre and blended textiles in Ethiopia's imports is around 10% and increasing. Presently Manmade filaments and manmade staple fibres account for 8% and 11% respectively in Ethiopia's global import of these textiles. There is substantial scope to increase our exports to Ethiopia which is evident from its growing global imports. Most importantly, since Ethiopia does not have the required industrial infrastructure and knowhow for manufacturing the manmade and blended textiles, it will have to depend on import at least for next 10 years and this is where the opportunity lies for Indian exporters.

Leading Synthetic textiles supplying countries to Ethiopia in 2015

Rank	Country	Rank	Country
1	China	6	Germany
2	Indonesia	7	Belarus
3	India	8	Taiwan
4	United States of America	9	Turkey
5	Thailand	10	South Africa

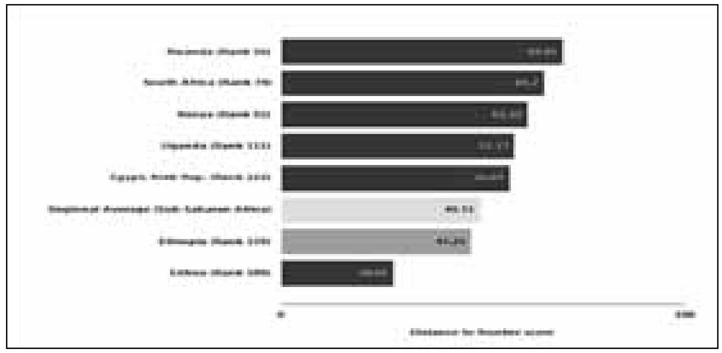
SOURCE: UN Comtrade

Economic Overview

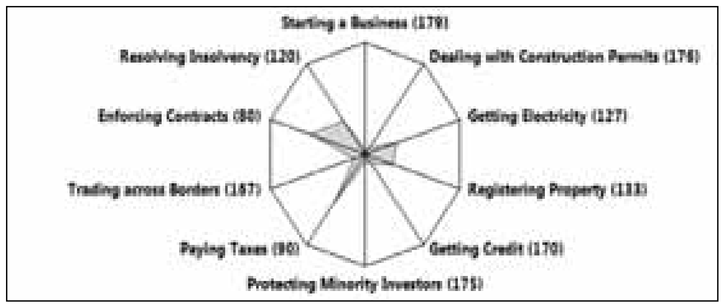
Ethiopia is the second-most populous country in Sub-Saharan Africa with a population of 99.4 million, and population growth rate of 2.5% in 2015. The country's per capita income of $ 590 is substantially lower than the regional average (Gross National Income, Atlas Method). The government aspires to reach lower-middle income status over the next decade.

The economy has experienced strong and broad based growth over the past decade, averaging 10.8% per year in 2003/04 - 2014/15 compared to the regional average of 5.4%. The government is currently implementing the second phase of its Growth and Transformation Plan (GTP II). GTP II, which will run from 2015/16 to 2019/20, aims to continue improvements in physical infrastructure through public investment projects and transform the country into a manufacturing hub.

THE BUSINESS ENVIRONMENT



Rankings on Doing Business topics - Ethiopia (Scale: Rank 190 center, Rank 1 outer edge)



SOURCE: World Bank Doing Business database.

SRTEPC EXPORT PROMOTION PROGRAMME IN ETHIOPIA AND KENYA

The SRTEPC ventures into these markets which are virgin, potential and provide immense opportunities for exports of Indian manmade and blended textile products. Both Ethiopia and Kenya are the promising markets for our products and are comparatively easy as India shares a cordial business and political relationship since time immemorial. Indian business communities are settled in both these countries and many of the are into textiles sector. Both these East African countries are well connected with sea routes and from there the vast market is extended up to Europe. **Having identified all these positive parameters apart from the above mentioned substantial import data, the Council has decided to organise its flagship export promotional event "Incredible Textiles of India" in Ethiopia from 6 to 7 March, 2017 and in Kenya from 9 to 10 March, 2017. All the member exporters are eligible to participate in both the events, however, number of booths will be limited to around 20 only. Hence, allocation will be on first-come-first serve basis.** The interested member – companies of the Council are requested to take maximum benefit of this not-to-be missed opportunity and expand their export horizon in the African continent.

(Continued from Page 2)

exhibitions in Azerbaijan and nearby CIS markets every year during March and September. He expressed hope that our Council could participate in one of the editions in the coming year and that he and his team would spare no efforts in helping the Council for the same.

Later ED and Shri Roy took him to visit the Trade Centre, where the Ambassador expressed his keenness to know more about the products displayed. He also clicked a couple of photographs at the Trade Centre. Finally he bid goodbye to the team at SRTEPC thanking the ED for a gracious welcome.

Shri Anil Kumar, Executive Director, SRTEPC. presenting memento to Shri Sanjay Rana, Ambassador of India for Azerbaijan

Azerbaijan's Textile and Clothing Imports from World during 2015

Value in USD Thousand

HS Code	Product	Import from World 2015	Import from India 2015	India's share (%)
50	Silk	309	0	0.00
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	121	0	0.00
52	Cotton	2,292	0	0.00
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	1,068	11	1.03
54	Man-made filaments; strip and the like of man-made textile materials	2,658	0	0.00
55	Man-made staple fibres	3,481	0	0.00
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	11,808	84	0.71
57	Carpets and other textile floor coverings	6,376	1	0.02
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	445	0	0.00
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable . . .	4,737	5	0.11
60	Knitted or crocheted fabrics	949	0	0.00
61	Articles of apparel and clothing accessories, knitted or crocheted	6,173	242	3.92
62	Articles of apparel and clothing accessories, not knitted or crocheted	39,312	127	0.32
63	Other made-up textile articles; sets; worn clothing	9,395	51	0.54
	Total	**89124**	**521**	**0.58**

Source : ITC map

Exports of Synthetic & Rayon Textiles to Azerbaijan

Value in USD MN

	Fabrics	Made-ups	Yarn	Fibre	Total	% Gr/Dec
2010-2011	0	0.09	0	0	0.09	
2011-2012	0	0.01	0	0	0.01	-88.89
2012-2013	2.56	0.15	0	0	2.71	27000.00
2013-2014	4.93	1.07	0	0	6.00	121.40
2014-2015	3	1.22	0	0	4.22	-29.67
2015-2016	0.04	0.10	0.00	0.00	0.14	-96.68

Source: DGCI&S, MOC

Main Items of Export to Azerbaijan

Fabrics: Polyester Filament Fabrics

Made-Ups: Shawls and scarves, Handkerchief, Muffler

Imports by Azerbaijan from leading market during 2015

Man-made filaments (Chapter 54)

Main partner Countries	Imported value 2015, USD thousand	Share in Azerbaijan's imports, (%)
World	2,658	100
Iran	1,301	48.95
Italy	608	22.87
Turkey	422	15.88
China	206	7.75
UK	42	1.58
Russia	25	0.94

Man-made Staple Fibre (Chapter 55)

Main partner Countries	Imported value 2015, USD thousand	Share in Azerbaijan's imports, (%)
World	3,481	100
Germany	1,473	42.32
Iran	921	26.46
Turkey	389	11.17
Belarus	259	7.44
Pakistan	138	3.96

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Posted at Churchgate P.O. Mumbai - 400 020 on 26th of every month

If undelivered, return to:
The Synthetic & Rayon Textiles Export Promotion Council
Resham Bhavan, 78, Veer Nariman Road, Mumbai - 400 020.