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The Synthetic & Rayon Textiles Export Promotion Council

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Concerns on Depreciating Indian Currency to Maintain Export Momentum

The volatility of Indian Rupee has been a major discussion point in past few weeks. The country is experiencing a difficult time with rupee depreciation every succeeding day. After stabilising at 63.9 against the dollar towards the end of December 2017, the rupee started sliding gradually to hit 65.2 by the end of March 2018. On 10th September, 2018 Indian Rupee has crashed to a new low, hitting 72.67 against the US dollar. The next day on 11th September rupee again slid to a new record low at 72.91 a dollar amid renewed global trade war worries. The Indian currency stands out as one of the most vulnerable and worst performing currencies in Asia this year so far, with a steep 13 per cent fall since January, 2018 against the resurgent US dollar. Rupee is likely to extend its losses amid higher dollar demand and overall emerging market weakness as reports mention. Worsening trade relations between the US and China is the major reason of such currency swings.

The fall in rupee is in sync with other emerging market currencies, which remained volatile owing to concerns of trade tariffs and the US Federal Bank's stance on continuing to hike rates further. Following the tussle between Turkey and the US, the Turkish currency Lira, took a special battering. However, relative to the major textile producing countries, India has been one of the major depreciating currencies since 2012. Only the Sri Lankan Rupee has underperformed the Indian Rupee. The Bangladesh Taka has remained strong, as has the Korean Won. The Vietnam Dong has seen intermediate strengths and weaknesses.

Conventionally, theory says that when a currency depreciates, exports become cheaper and imports become more expensive. Demand for exports responds to the depreciation by increasing the magnitude and current account deficit improves. It should have a positive impact on export-oriented sectors such as textiles. Because, depreciating rupee makes exports cheaper and accordingly increases competitiveness of our exports globally. In such cases, exporters may factor in the percentage of rupee depreciation while negotiating price for their textile products.

However, some research suggest that there is no causal relationship between a weakening currency and exports and this was proved from the instances of China where the currency had appreciated on the back of strong export growth from 2011 to 2015. The appreciation had not dented the country's standing as an export powerhouse. In contrast, despite South African Rand's depreciation since 2010, the country's share of trade remained steady. A recent research report conducted by Axis Bank also mentioned that there is no conclusive evidence that exports have been hurt by a strong currency or that a weaker currency will benefit exports.

In case of India, our imports consistently exceeded exports in our total trade. There has been long lasting Current Account Deficit (CAD) in the Indian economy. In such a situation rupee's depreciation makes imports costlier, pushing up operating costs for companies and even households thereby further worsens the CAD situation. **In order words, as India consistently runs into a trade deficit, the negative fallout of currency depreciation outweighs the gains to exporters from the weaker rupee.** As reports say about a sharp rise in the crude oil bill led to India's trade deficit widening to a 62 month high in July, despite exports growing by 14.32%. Therefore, overall impact of depreciating rupee is not encouraging. Moreover, as far as our MMF textile segment is concerned, increasing crude oil prices may have adverse impact by making the input of synthetic textiles costlier.

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United Kingdom emerges as a Huge Potential Market for Export of Indian Textile & Clothing Products

TEXTILE MARKET IN UK

The history of the textile market in UK dates back to the late 17th century and the early 18th century. The textile industry was at the center of Britain's industrial expansion and technological advances meant that cotton, wools, silks and dyestuffs could be produces at unprecedented rates, with the resultant produce being exported around the Empire.

In the United Kingdom, the textile industry plays an important role in employment and growth of UK. Many workers are depends on textile sector, because there are 10 million looms and other textile machinery available. The textile industry of the UK is depends on fabric manufacturing and yarns. The fabrics produced were mostly made from wool and the cloth was primarily made in order to satisfy the domestic requirements and the rest of the products were shipped off to other parts of the world.

British textile products relied heavily on the markets of India and Bangladesh for raw materials and the finished products were manufactured in the UK as India and Bangladesh did not possess the requisite technology for weaving and delivering the finished products. The final products were then sold in the eastern, orient and the parts of South East Asia.

Overview of UK Textile and Clothing Industry

The exports of textile and clothing from the UK amounts to over $31 billion. Textile Industry of UK holding 6% market share only in fashion sector. Currently, approximately 550K people are employed in UK's textile and apparel garment sector. Thousands of apparel and garment manufacturers and suppliers in the UK produce high quality products for the domestic retail market. Retailers play a significant role in the garment sector and apparel clothing markets. The total household consumption on clothing stands at over $6 million per year.

Roughly around 50% of the EU depends on the UK fashion industry for production and manufacturing of fashion apparels and the major designer fashion houses in the UK will get a thrust after the Brexit in order to satisfy the needs of strengthening the economy. The motive to regain the British pride will result in creation of new jobs and will improve the ties of British apparel and cloth manufacturing market with countries like Bangladesh and India.

UK has significant and competent technology in terms of Yarn spinning, knitting, weaving and making apparels out of the recyclable products. This provides a promising future for UK's position in the textile domain and manufacturing of garments, apparels, fashion accessories and recyclable clothing in the forthcoming future.

Textile weaving in the UK is the textile industry's largest product segment and is expected to account for 42.5% of industry revenue in 2018-19. Wool weaving is estimated to account for 9.4% of industry revenue, while synthetic yarn and artificial filament weaving (including nylon weaving) is expected to account for approximately 17.3%. Other weaving, including silk, cotton and glass fibre, is projected to account for approximately 15.8% of revenue. This segment constitutes the main activity of the industry, which involves production of textiles for use in many downstream industries. This involves the manufacture of woven cotton-type, woollen-type, worsted-type or silk-type fabrics, and increasingly involves niche products created from artificial or synthetic yarns.

Highlights

- The United Kingdom is a globally competitive manufacturer of textiles, including textile raw materials, yarns, fabrics, apparel and home furnishings, and other textile finished products
- The United Kingdom's textile industry is one of the more important employers in the manufacturing sector, with more than 550k workers. Currently, the UK textile manufacturing is booming with production up by 25% and 50% of businesses have reported an increase in turnover compared to that of last year, according to the annual study conducted by 'Make it British.'
- While around a third of UK textile manufacturers are exporting more than they were in 2016, there is a massive opportunity for growth
- Textile industry workers are highly skilled and the industry is technologically advanced.
- Imports of Textile & Clothing by UK from the world stood at US$ 31.80 billion during 2017.
- India's share in total imports of Textile & Clothing of UK is 6.26%, worth US$ 1.99 billion in 2017.
- Textile imports of UK from the world account for nearly 16.50% (US$ 5.26 billion) of its total T&C imports.
- Clothing imports of UK from the world account for nearly 75.9% (US$ 24.19 billion) of its total T&C imports.
- Imports of Made-ups from the world reached over US$2409 million with a share of nearly 7.55%.
- UK's total imports of MMF textiles from the world during 2017 stood at US$3.22 billion, of which India's share was only US$ 117.48 Million (3.64%).
- Hence, there is tremendous scope to increase India's synthetic and rayon textile exports to UK and increase our market share.

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Editor: S. BALARAJU

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Dear Member,

The current Man-made fibre textiles export scenario is moderate. As per Directorate General of Commercial Intelligence and Statistics (DGCI&S) provisional data, exports of MMF textiles during April – July 2018 were US$ 1820. 49 mn. against US$ 1738.26 mn. achieved during the corresponding period of the previous year, witnessing a growth of 4.73%. Exports of yarn, fabrics and made-ups together witnessed 5.57% growth whereas export of Man-made staple fibre declined by 1.51% during April – July 2018 compared to the observed period of the previous year.

The overall textile and apparel exports have been reported at about US$ 3 bn. (Rs 19,636 crore) in July, data showing a growth 11% compared to July 2017 year-on-year (y-o-y). While textile exports grew by a 15% y-o-y to US$ 1.6 bn. (Rs 10,879 crore) during the month, apparel exports reported to have witnessed a modest 6% y-o-y to US$ 1.4 bn. (Rs 8,757 crore). On the similar line of my forecasting on depreciating rupee last month, now industry experts also said that the sharp depreciation of the rupee against the dollar during the last few months pushed exports higher.

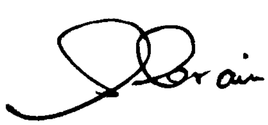
Exporters should be cautious as rupee is likely to remain weak amid higher dollar demand and slow recovery in emerging markets. Furthermore, worsening trade relations between the US and China is likely to keep causing currency swings. The fall in rupee is in sync with some emerging market currencies, which remained volatile owing to concerns of tariffs issues and the US Federal Bank's stance on continuing to hike rates further. Following the tussle between Turkey and the US, the Turkish currency Lira took a special battering. Currency situations in the major economies of the LAC region have been one of the worst in recent history. Relative to the major textile producing countries, India has been one of the major depreciating currencies since 2012. Only the Sri Lankan Rupee has underperformed the Indian Rupee. The Bangladesh Taka has remained strong, as has been the Korean Won. The Vietnam Dong has seen intermediate strength and weakness. However, the depreciating rupee would help us only if all other competing countries currencies remain stronger. If all the competing countries currencies also depreciate in the same proportion then the prospective gains from rupee depreciation will be neutralised. We are given to understand that informed on depreciating Indian rupee, the overseas buyers & importers have already started negotiating for commissions and discounts from the Indian textile exporters. Therefore, the positive impact of rupee depreciation is being diluted and profitability is likely to be very thin. Exporters need to take into account these factors while finalising their export orders. They also need to be cautioned in fixation of price factoring in the current rupee depreciation and its likely volatility. It may be mentioned that since some of the essential textile raw materials are being imported by the Indian MMF textile segment, the adverse impact of rupee volatility may be controlled by exploring the hedging mechanism. Hedging will help in lessening the quantum of risks and uncovered transactions.

I have taken the opportunity to meet the new Secretary (Textiles), Ministry of Textiles on 4th September, 2018 to call on him after he has taken charge as Textile Secretary. In the Meeting with the new Secretary (Textiles) I have appraised him on the challenges being faced by the Indian MMF Textile Segment. During the meeting with the Secretary (Textiles) a representation was given on the issues related to Export Promotion and GST pertaining to MMF textile segment such as immediate refund of accumulated Input Tax credit, refund of IGST on capital goods, inclusion of MMF textile products falling under equal or lower rate of GST, removal of Double Taxation on ocean freight, Merchandise Exports from India Scheme (MEIS) to be extended to all the MMF textile products @ 5%, Interest Equalisation Scheme (IES) benefits to be extended for MMF yarns and Merchant exporters, increase DBK rates on MMF textile items, extension of the Rebate of State Levies (ROSL) Scheme benefits to Yarns and Fabrics, etc. The points were clearly explained to the new Secretary (Textiles) for his approval and recommendation to the respective departments in the Government for their favourable orders.

I informed in the previous issue that we had made a presentation before the Drawback Committee Meeting held on 9th August 2018 in Mumbai for suitable revision of the DBK rates on the MMF textile products. I am glad to inform that now the Drawback Committee leading by Shri G.K. Pillai, as its Chairman is working on the revision of the rates. The Council is providing the information desired by the Drawback Committee from time to time. We are expecting that the revised rates will be reasonably fair rates.

I am happy to express my gratitude to the Members of the Council who have confirmed their participation in the “SOURCE INDIA 2018” being held in Surat from 21st – 23rd September 2018 with their encouraging response and cooperation in successfully organising the event. This time we are having overseas buyers almost double the size than that we had in 2016. I am confident that accordingly our business booked will also be substantial this time. For motivating us to organise this Mega MMF textile RBSM with all cooperation and help, I would like to thank the Ministry of Commerce & Industry and Ministry of Textiles, government of India in advance and ensure than the event brings desired results.

Yours sincerely



SRI NARAIN AGGARWAL

CHAIRMAN

The Synthetic & Rayon Textiles Export Promotion Council

BANGLADESH

RMG exports rose by 3.82%

Bangladesh export earnings from the apparel sector, the lifeline of the economy, have seen a nearly 4% growth to US$5.73 billion in July - August period of the current fiscal. According to the Export Promotion Bureau (EPB) data released on 11 September, during July August period of the fiscal year 2018-19, Bangladesh's exports earnings from the readymade garment sector stood at US$5.73 billion, up by 3.82% compared to US$5.52 billion in the same period a year ago. The export earnings are 3.96% higher than the target of 45.51 billion set for the month of August. Of the total amount, Knitwear products earned US$2.91 billion, which is 1.53% higher than the US$2.86 billion in the same period a year ago. Woven products earned US$2.82 billion, up by 6.28%, compared to US$2.65 billion a year ago.

In July, the first month of the fiscal year, exports earnings from the clothing sector recorded a 21.72% rise to US$3.01 billion, the highest single-month growth since August 2015. Since Bangladesh's export earnings are mostly dependent on apparel sector, the government has to put emphasis diversification of export basket to reduce dependency on a single sector, it has been reported.

However, the overall exports earnings posted a 2.51% rise to US$6.8 billion in July-August period of the Fiscal Year 2018-19. In the same period a year ago, Bangladesh earned US$6.62 billion. On the other hand, the country's overall export earnings in August have declined by 11.74% to US$3.21 billion due to slower growth in the apparel sector.

SOURCE: The Textile Today

Bangladesh and China discussed ways and means to promote cooperation on major projects and the negotiations on the free trade agreement (FTA)

To improve trade facility and export apparel items more, Bangladesh government recently seeks a duty-free market access in China.

Tofail Ahmed, Bangladesh Commerce Minister recently said at a press conference that Bangladesh currently exports 5,074 products to China, including ready-made garments. Already a Letter of Exchange (LoE) has been forwarded to China government regarding on the issue.

If China approves the LoE immediately, Bangladesh will enjoy exporting the duty-free benefit of 97 percent of the products under the World Trade Organization (WTO) rules and reducing the current trade deficit.

Members of the WTO countries can also take advantage of the trade between themselves, he added.

According to his speech, under the Asia Pacific Trade Agreement (APTA), Bangladesh has been enjoying duty benefits for 60 percent and 83 products in the Chinese market. This facility will be expired if Bangladesh gets direct tax and quota-free export advantage from China under LoE.

However, as an LDC, after getting direct duty-free benefits until 2027, Bangladesh again will be able to take those benefits. Because Bangladesh will not withdraw its membership from APTA.

The Minister added that China expressed her interest in Bangladesh with Free Trade Agreement (FTA). In this regard, the MoU has already been signed between the two countries. Now the FTA probability process is underway. After completing all formalities, Bangladesh will sign the FTA with China.

Bangladesh will be finally promoted from LDC to developing country in 2027. There will be no available GSP facility. FTA will take advantage of mutual trade. Large projects in Bangladesh are being implemented with China's financial and technical support. These works are going on the private and G2G basis.

Addressing the good relation between China and Bangladesh Tofail Ahmed said that the China-Bangladesh Exhibition Center is being built on 35 acres of land in Purbachal, Dhaka with the help of China. Its construction will be completed within 2020. The Chinese government will bear the lion's share of its total expenditure.

Zhang Zuo, the newly appointed Chinese Ambassador in Bangladesh informed that China gives the highest importance to Bangladesh. Commercial and economic relations between the two countries are excellent for a long time. China wants to introduce a new level of trade by signing the FTA with Bangladesh.

According to the commerce ministry, in a year Bangladesh imports more than US$ 10 billion worth of goods from China. They started providing tariff and quota-free access to LDC's on 1 July 2010.

China is the largest trade partner of Bangladesh next to India as it is heavily trustful on fabrics, chemicals, and machinery. In the FY 2015-16, Bangladesh exported worth US$ 808.14 million to China and imported worth US$ 9645.80 million, which shows a huge trade gap. If China ensures duty-free, quota-free access of Bangladeshi items to enter their market, the gap may be reduced, said the ministry.

During the press conference, Shubhashish Bose, Secretary of the Ministry of Commerce and Md. Shafiqul Islam, Additional Secretary of the FTA branch were present.

SOURCE: The Textile Today

Government raises RMG workers' minimum salary to Tk 8,000

The government of Bangladesh has raised the minimum wage of Ready Made garments workers to Tk 8,000 that is 51 percent higher than the current minimum wage Tk 5,300. State Minister for Labor and Employment Mujibul Haque Chunnu today on 13 September announced the new salary for garment workers after a meeting at his ministry office in Dhaka. Earlier, the minimum wage had been set on Dec 1, 2013. "The new wage structure will come into effect from December," the Minister informed. Ministry of Labor and Employment formed the minimum wage board for the garment workers in January of this year to avert labor unrest.

Workers unions had been campaigning for a minimum wage of Tk 16,000, while garment owners had proposed an increase to Tk 6,360. It has been reported that the RMG leader and manufacturers expressed their satisfaction with the decision. The industry is already facing several challenges in meeting the safety requirement, as well as the production cost has increased.

The new minimum salary of apparel workers is a major pro-industry move that might bring the overall improvement in the work culture of the country's largest manufacturing sector.

SOURCE: The Daily Star

PAKISTAN

Textile Exports drop 16% after Reduction in Rebate

Pakistan's textile exports dropped 16.1% to US$1.002 billion in July 2018 compared to shipments recorded in June, which stood at US$1.194 billion. On a year-on-year basis, textile exports in July did not show any improvement. In fact, they fell half a % as exports were slightly better at US$1.007 billion in July 2017. The market had been expecting better performance from textile exporters following 18% rupee depreciation in the past nine months, but exports dropped significantly on a month-on-month basis and nominally on a year-on-year basis.

Textile exports roughly make up 60% of Pakistan's total exports. The Patron-in-Chief of the All Pakistan Textile Mills Association (APTMA), Mr. Gohar Ejaz said that the government had recently halved tax rebates that stood at 4-7% and therefore things turned unviable for textile producers.

Mr. Ejaz said Pakistan had only adjusted its exchange rate by letting the rupee weaken, but it won't impact national exports. The rupee had been artificially stabilized at Rs105 per dollar for the past five years, he said. He pointed out that textile was a very competitive industry internationally and after 4-7% rebate the industry operated at 5% profitability and "if the government reduces the rebate, then operating the industry will be unviable." He added that many of the textile players had started closing operations as it had become difficult to run their businesses due to stiff competition in the international market. However, according to a research report by Pak-Kuwait Investment Company, textile exports tend to fall in July as exporters try to increase exports in the closing month of earlier fiscal year, which is June. Pakistan's textile production faced high input costs due to imports, which diluted the impact of rupee depreciation on the textile industry.

High quality raw material is imported by brands. Chemicals are imported while energy requirement is also generally fulfilled by consuming diesel which is also imported. So the impact of rupee devaluation is not convincingly passed on to the industry as people generally think," the report said. The research report added that the impact of rupee depreciation could not be gauged during summer as it was an off-season for the industry. The impact may be assessed and hopefully the textile group will show better exports in winter when consumption increases in the west due to cold weather and Christmas. Textile exports could be improved by improving localization and quality of raw material as better brands import better quality cotton to meet their requirement. Pakistan's annual requirement stands at 15 million bales of cotton, but it has recently been producing just 10 to 11 million bales.

Textile Exports remain Lacklustre

Textile export numbers for the month of July 2018 have disappointed to say the least. The provisional numbers released by the Pakistan Bureau of Statistics (PBS) show negligible growth on a year-on-year basis in the first month of the new fiscal year. And when compared to textile exports for Jun-18, the number has actually fallen by almost 16% on a month-on-month basis. So what will it take to revive the slumbering sector?

Depreciation of the rupee was a major demand of textile players. However, despite more than 18% being wiped off the rupee value, the rebound hasn't exactly happened. But industry stakeholders argue that the coming months will show better performance by the sector and claim many exporters realized a high number of orders in the final month of the last fiscal year i.e. June 18 to avail incentives earlier. It is not yet clear how the PTI government will manage to revive the sector.

Unarguably, rising cost of production is a bane for manufacturers and exporters. But given the precarious twin deficit situation, it will not be a simple task to just reduce the utility tariffs for the industry. In its textile policy, PTI has called for electricity prices to be revised downward to USc7.5/KWh. Similarly, it also proposes for a uniform gas rate across the country at rate of US$6.5/MMBTU. Then there is the raw material procurement which has become tedious and costly.

A section of the media has highlighted the illogical protection afforded to polyester players and the even more stupefying re-imposition of duty on imported cotton. The area under cultivation of local cotton has gone down and the cotton production target was missed by 8 percent in FY18 while by an even wider margin of 30% and 25% in FY16 and FY17 respectively. The current year is likely to be no different when it comes to a shortfall of the required 16-17million bales by the local industry. These issues aside, the private sector also needed to make a concerted effort to bring the level of productivity and innovation on par with international peers. Barring the major players, the industry has seen hardly any balancing, modernisation and replacement (BMR) activities in the past decade.

Pakistan ministry to invest in training for textile sector workers

The ministry of Pakistan commerce and textile industry is offering numerous training courses that include garments, fashion, apparel design, cutting for lingerie, line supervision and knitting machine operation. The initiative will ameliorate the capabilities of its workers to make the sector competitive, said a senior government official.

According to a news agency report, the ministry has also launched a skill development project in collaboration with the International Labor Organization (ILO) and Canadian International Development Agency (CIDA). Four textile training institutes under the ministry—Pakistan Readymade Garment Training Institute (PRGTTI), Pakistan Knitwear Training Institute (PKTI) in Lahore, Pakistan Fashion and Apparel Design Institute (FADIN) in Karachi and SMA Rizvi Textile Institute (SMARTI) in Karachi— have been selected as partners for implementing the project. According to the news agency report, around 600 workers will be trained over one and a half years under the project.

SOURCE: Fibre2Fashion

CHINA

World's Largest Textile Mill for Colored Yarns opens in Xinjiang

The world's largest textile mill for spinning colored yarn was launched recently in the Xinjiang Uygur Autonomous Region in northwestern China.

Built with an investment of 5 billion Yuan (US$735 million), the mill in Aksu, southern Xinjiang, will see 1 million spindles installed by the end of the year. The textile mill is owned by Huafu Fashion Co. Ltd., the world's largest supplier of melange yarn, which is based in China's eastern Zhejiang Province.

The company has also invested 2.5 billion Yuan to build a dyeing industrial park in Aksu, which is designed with a capacity for dyeing and printing 100,000 tons of cotton yarn a year. The Chairman of the company said that the factories were not only textile producing facilities, but also boasted a fashion designing platform and intelligent and digital machines for developing environmentally-friendly textiles.

As the largest cotton grower in China, Xinjiang has attracted major textile companies from east and south China to set up branches and factories. Aksu, Kashgar and Hotan in southern Xinjiang are major producers of cotton. Aksu's long-staple cotton output accounts for 93 percent of the country's total. Statistics taken from 2017 show that there were more than 2,700 registered textile companies in Xinjiang providing jobs for more than 350,000 local residents. Huafu has 5,333 hectares of cotton fields in Xinjiang. Its annual cotton trade and logistic volume has reached 500,000 tons.

China viscose sector sets a three-year plan on cleaning up viscose production

Ten major Chinese viscose producers, which together make up an estimated over 50% of the world's supply, have released a new joint 3-year roadmap for the sustainable development of the viscose fiber manufacturing industry in China.

Viscose is the third most commonly used textile fiber in the world, has become a hot-button environmental issue.

The plan comes from the Collaboration for Sustainable Development of Viscose (CV), an initiative launched earlier this year in partnership with two Chinese textile associations. And it has been compiled in response to rising scrutiny over the sustainability of sourcing and production of viscose, a regenerated fiber made from cellulose.

The new CV Roadmap aims to help members improve and benchmark their sourcing and manufacturing practices against a set of credible, practical and widely accepted international sustainability standards.

More specifically, companies have time until June 2019 to ensure that they source pulp certified by forest product chain of custody certifications such as the Program for Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC), and that manufacturing facilities pass the FSC or PEFC Chain of Custody (CoC) audit.

Wastewater discharge must meet parameters set out in the Zero Discharge of Hazardous Chemicals (ZDHC) wastewater guidelines; the company must obtain the Sustainable Textile Standard Production (STeP) by Oeko-Tex certification scoring at Level 1 or above, and complete a Higg Facility Environmental Module (Higg FEM) 3.0 Self-assessment.

The 12 founding members of CV are China Chemical Fiber

Association, China Cotton Textile Association, Funing Aoyang, Hengtian Helon, Jilin Chemical Fiber, Sateri, Shandong Yamei, Shandong Yinying, Tangshan Sanyou, Xinxiang Bailu Chemical Fiber, Yibin Grace, and Zhejiang Fulida.

Beyond this, advanced requirements will be the focus from July 2019 to December 2020, and include taking proactive management measures to reduce the risk of using wood products from High Conservation Value (HCV) or High Carbon Stock (HCS) forests.

There is also a stipulation to achieve the domestic advanced or international advanced level of the Cleaner Production Assessment Standard for Man-made Cellulose (Viscose) Manufacturing.

Last year, an investigation by Changing Markets Foundation, a social and environmental advocacy group based in the United States and the Netherlands, found that viscose factories in China, India, and Indonesia were dumping untreated wastewater in lakes and rivers, "ruining lives and livelihoods" by destroying subsistence agriculture and exposing local populations to cancer-causing substances.

In the wake of the report, Asos, C&A, Esprit, H&M, Inditex, M&S, and Tesco threw their support behind Changing Markets' roadmap toward responsible viscose and modal manufacturing. Similarly, Lenzing and Aditya Birla, two of the world's largest viscose producers, have committed all their sites to meeting EU Ecolabel requirements for viscose production by 2022.

SOURCE: just-style.com

VIETNAM

Vietnam to share Monthly Export Data with EAEU

Vietnam's Department of Trade Defence under the Ministry of Industry and Trade will start sharing monthly export data to the Eurasian Economic Union (EAEU), consisting of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, to help local businesses avoid most favoured nation (MFN) tariffs. Vietnamese exports to the EAEU include apparel and footwear.

Under a Free Trade Agreement (FTA) signed between Vietnam and the EAEU in May 2015, the EAEU committed to eliminating tariffs for up to 9,774 tax lines (90%) for products imported from the former. The FTA came into effect in October 2016. Vietnam's textiles and garments, footwear and interior design products are eligible for zero import duty, but if the volume of these products exceeds a threshold level defined in the agreement, the EAEU will adjust the zero import duty to MFN tariffs for six to nine months, depending on the volume, according to a report in a Vietnamese news portal. As of June 2018, the MFN tariffs had been imposed on Vietnamese underwear and kids-wear products. The department said though there are no products at risk of tax in 2019, domestic firms should act accordingly to avoid the imposition.

USA

The US Trade Representative (USTR) Finalizes Second Tranche of Tariffs on Chinese Products in Response to China's Unfair Trade Practices

The Office of the United States Trade Representative (USTR) released a list of approximately $16 billion worth of imports from China on 8th August that will be subject to a 25 percent additional tariff as part of the U.S. response to China's unfair trade practices related to the forced transfer of American technology and intellectual property. This second tranche of additional tariffs under Section 301 follows the first tranche of tariffs on approximately $34 billion of imports from China, which went into effect on July 6.

The list contains 279 of the original 284 tariff lines that were on a proposed list announced on June 15. Changes to the proposed list were made after USTR and the interagency Section 301 Committee sought and received written comments and testimony during a two-day public hearing last month. Customs and Border Protection will begin to collect the additional duties on the Chinese imports on August 23.

In March 2018, USTR released the findings of its exhaustive Section 301 investigation that found China's acts, policies and practices related to technology transfer, intellectual property and innovation are unreasonable and discriminatory and burden U.S. commerce.

Specifically, the Section 301 investigation revealed:

- China uses joint venture requirements, foreign investment restrictions, and administrative review and licensing processes to require or pressure technology transfer from U.S. companies.
- China deprives U.S. companies of the ability to set market-based terms in licensing and other technology-related negotiations.
- China directs and unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets to generate large-scale technology transfer.
- China conducts and supports cyber intrusions into U.S.

commercial computer networks to gain unauthorized access to commercially valuable business information.

Source: https://ustr.gov/

The US Trade Representative (USTR) and Bangladesh Hold 4th Trade and Investment Cooperation Forum Agreement Council Meeting

The United States-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA) Council held its fourth meeting on September 13, 2018 in Washington, DC to promote expanded bilateral trade and investment in goods and services. The meeting was co-chaired by Mark Linscott, Assistant U.S. Trade Representative for South and Central Asian Affairs and Shubhashish Bose, Secretary, Ministry of Commerce, Government of Bangladesh.

During the meeting, the United States and Bangladesh exchanged views on issues of mutual interest covered under the TICFA. The discussions focused on market access for U.S. cotton, enabling a digital economy, transparency in government procurement, and labor reforms in Bangladesh.

Both governments pledged their commitment to deepen their engagement and grow their trade and economic ties. The United States particularly noted its concerns on overall labor reform and expressed its hope for ongoing collaboration with the private sector on worker safety. Bangladesh was suspended from the Generalized System of Preferences (GSP) program in 2013 as a result of concerns on workers' rights and safety.

Bangladesh and the United States had $7.2 billion (two-way) goods trade during 2017.

Source: https://ustr.gov/

MEXICO

Apparel Production in Mexico Will Change Slightly Under NAFTA 2.0

The renegotiated free-trade deal between the United States and Mexico has a new name and a new set of rules that will make it a little more difficult to manufacture apparel in Mexico.

From what trade experts know, the changes for apparel in the new free-trade accord, now being called the United States–Mexico Trade Agreement unless Canada decides to continue negotiating, aren't draconian. That is probably because the United States doesn't have a trade deficit with Mexico when it comes to apparel and textiles under the current North American Free Trade Agreement.

We export about $8 billion a year in apparel and textile products—mostly fabric and other raw materials—and import about $5 billion. But still, the full details of the accord haven't been revealed and probably won't be released for at least another month as Congress examines the terms of the renegotiated deal, announced Aug. 27.

What is known about the trade agreement comes from a fact sheet previously distributed by the U.S. Trade Representative's office, which said the U.S. government wanted to require that sewing thread, pocketing fabric, narrow elastic bands and coated fabric, when used in apparel and other finished products, come from the free-trade region to qualify for duty-free benefits. Under the previous NAFTA deal, those raw materials could come from any region in the world.

One big question mark is whether trade-preference levels would be altered, allowing for some non-regional yarns and fabric to be used when producing garments within the free-trade area while still receiving duty-free status.

In previous negotiations, U.S. representatives—with the backing of the U.S. textile industry—had proposed eliminating TPLs. In the U.S. Trade Representative's fact sheet, it said the Trump administration did want to limit rules that allow for some use of non-NAFTA inputs in textile and apparel trade, but it didn't go into specifics.

In the past, apparel factories have often used fabric scraps left over from production to make pocket linings. With the new regional requirement, apparel manufacturers will have to verify that those scraps come from regionally made fabric instead of Asian or Central American fabrics.

The big question is whether Canada will wrap up negotiations in time to be part of the accord, which first went into effect in 1994 and opened up the borders for trade between Canada, Mexico and the United States.

SOURCE: The California Apparel News

Textile Units worried over continuing Rise in MMF Textile Imports into India

The country's largest man-made fabric (MMF) textile industry continues to suffer from the dumping of imported MMF textiles from countries like Vietnam, China and Bangladesh. During April-July this year, the imports of MMF textile have risen by almost 26% in value terms at USUS$869 million compared to US$711 million in the previous year.

According to the latest provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the import of MMF yarn, fabrics and made-up together have gone up by 27% and import of made-up staple fibres increased by 19% during April-July, 2018. The highest import growth was recorded in the remade garment (RMG) segment, which represented 47% increase at US$784 million during April-July, 2018 compared to US$535 million in the same period in previous year. The MMF sector has been demanding to increase the basic customs duty (BCD) on the import of MMF textiles in order to provide level-playing field to the indigenous manufacturers. Speaking to the media, the Chairman of The Synthetic and Rayon Export Promotion Council (SRTEPC), Shri Narain Aggarwal said: "The substantial growth in imports of man-made staple fibres and MMF based textiles into India is not a good sign for the Indian MMF textile segment. Government needs to act on this surge in imports with remedial and protectionist measures before it is too late."

The SRTEPC Chairman has suggested that the government should immediately consider increasing the effective rates of BCDs on MMF, MMF yarns and all the left over tariff lines of MMF knitted fabrics falling under Chapter 60. The effective rates of BCD on man-made fibres and MMF yarns such as polyester, viscose and others need to be increased to 10% from the existing 5% and on nylon fibres and yarns the effective rates of BCD need to be increased to 15% from current 7.5%. "With increased effective rates, the MMF textile segment will be safeguarded and it will also be in support of the government's 'Make in India' initiative," he added.

Source: The Times of India

India to double Exports by 2025: Commerce Minister

The Union Minister of Commerce & Industry and Civil Aviation, Shri Suresh Prabhu, recently chaired a meeting of different exports stakeholders and Commerce Ministry officers to discuss a strategy for revitalizing India's exports and doubling the country's exports by 2025. The Minister said that this was necessary in view of challenges like uncertainty of global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities. Exports create jobs, bring in foreign exchange and validate India's international competitiveness.

The Minister of State, Shri C R Chaudhary will be the chairperson of this mission and will regularly review the work of different export promotion councils and divisions of the Ministry of Commerce. The Commerce Minister has already held two meetings with key Ministries for preparing sectoral export strategies which are being finalized.

The Federation of Indian Export Organisations (FIEO) has conducted a study identifying 100 billion exports in traditional, new markets and products. EXIM has conducted market research and draft export strategy is being prepared. India had acceded to WTO's TFA (Trade Facilitation Agreement) in April, 2016 and action plan containing specific activities to further ease out the bottlenecks to trade has been prepared.

To facilitate transparency through Ease of Doing Business and IT initiatives DGFT and SEZ have been online integrated with customs ICEGATE and mandatory documents required for exports and imports have been reduced to 3 each. Import Export Code (IEC) has been integrated with PAN and MoU signed with GSTN for complete integration. Electronic Bank Realization Certificate (eBRC) system has been shared with 14 State Governments for quick tax refunds and MoU signed with GST Network for integration of e-BRC with GSTN. State Governments have been provided access to DGCI&S export data in real time. Union Cabinet has approved the proposal of Department of Commerce to give focused attention to 12 identified Champion Services Sectors for promoting their development, and realizing their potential.

The Commerce Minister declared that a special strategy is being prepared for the services sector in order to achieve broad-based growth instead of the existing pre-dominance of IT-ITeS, diversification of services exports across geographical territories, sensitization of the States to formulate new structures, policies and action plans for services sector and promotion of India as a services hub. The Agricultural Export Policy is in the process of being finalized, after incorporating stakeholders' comments. Commodity and territory specific strategy is also being prepared for items like textile & apparel, gems and jewellery, leather, engineering sector, etc. Territory specific strategy will cover North American Free Trade Agreement (NAFTA), Europe, North East Asia, ASEAN, South Asia, Latin America, Africa and WANA, Australia, New Zealand, and CIS. The Commerce Minister said that apart from traditional markets India must also look at boosting trade with smaller countries and explore new territories like Africa which has 54 countries but accounts for only 8 % of exports from India. The Minister exhorted exporters to not miss the opportunity presented by China's consumer market and make the most of the world's mega import expo being held in China in November, 2018.

Source: The Business Standard

India: Imported Textiles get costlier

In the era of globalization where trans-border trade is increasingly becoming the need of the hour, the law of the land monitors that the same does not obstruct the conduct of business of the locals. The Customs Act, 1962 came into force with the objective of regulating the trade overseas. In furtherance of the aim to promote "Make in India" mission, the Government of India has doubled the customs duty on the imports of 328 textile products vide its notification date August 7, 2018. The tariff charges have increased from the existing rate of 10% to 20% under Section 159 of the Customs Act, 1962. By this step, the Government aims to strengthen the domestic market and reduce the import from the neighbouring nations entering the Indian apparel market.

As per the Confederation of Indian Textile Industry, since Bangladesh has zero duty access for all apparel products, Chinese fabrics are entering India duty free through Bangladesh. With a view to prevent the same, the textile and garment industry has represented to the ministries of commerce and textiles to make it mandatory for Bangladesh under the South Asian Free Trade Area (SAFTA) agreement to use either their own or Indian yarn and fabric in their garments to be able to supply to India at zero duty. It has also urged for the introduction of "rules of origin" for imports from Bangladesh in this regard. While the proposal remains under the consideration by the Government, taking recourse to such stricter measures would prevent the Chinese fabrics from being made available in the Indian market without the payment of the requisite duties by using Bangladesh as channel. This will also help encourage the domestic industrialists to avail of and expand the scope of the textile industry.

Source: Lexology.com

Commerce Minister asks Traders to formulate Plans to achieve 20% Growth in Exports

The Commerce and Industry Minister, Shri Suresh Prabhu, has asked traders to develop strategies to double exports by 2025 to help create jobs, bring in foreign exchange and validate India's international competitiveness. At a meeting with officials and export promotion councils held recently, the Minister is said to have told them to prepare strategies aimed at increasing export growth to 20% this year.

"Exports have grown 15% till now and the government wants to increase the pace of growth in the remaining year," an official who was present at the meeting reportedly said. Exports rose 9.78% to US$302.84 billion in 2017-18. During April-July of 2018-19, exports rose 14.23%. The Commerce Secretary, Shri Anup Wadhawan, will assess the strategies in a week and the Commerce Minister is likely to review them after a fortnight. "We were told in the meeting that these are directions from the Prime Minister's Office," said a representative from one of the councils who participated in the meeting. Another council representative said: "These are challenging targets with strict deadlines."

Source: The Economic Times

Commerce Ministry to launch National Logistics Portal

The Commerce Ministry is planning to launch a national logistics portal aimed at linking all stakeholders of domestic and foreign trade and all trade activities on a single platform. The commerce ministry has stepped up work on developing a national logistics portal, as part of its measures to ensure ease of trading and cut high logistics costs from 14% of the GDP to 10% by 2022. The portal is aimed at linking all stakeholders of domestic and foreign trade and all trade activities on a single platform.

A senior commerce ministry official said that India's logistics sector is very complex with more than 20 government agencies, 40 partnering government agencies, 37 export promotion councils, 500 certifications and 10,000 commodities. It also involves 12 million jobs, 200 shipping agencies, 36 logistic services, 129 inland container depots, 50 IT ecosystems and banks and insurance agencies. Further, 81 authorities and 500 certificates are required for exports or imports.

"The National Logistics portal will be implemented in phases and will fulfil the commitment of the Government of India to enhance trade competitiveness, create more jobs, provide a boost to 'Digital India' and pave the way for India to become a global #logistics hub," the Union Commerce and Industry Minister, Shri Suresh Prabhu, tweeted.

The India's logistics sector is highly defragmented and the aim is to reduce logistics cost from the present 14% of the GDP to less than 10% by 2022," the commerce ministry said in a statement.

In the Budget for 2018-19, finance minister Arun Jaitley had announced the creation of the portal that will be an online marketplace for trade and will connect businesses, create opportunities and bring together various government departments and private players. As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10% decrease in indirect logistics cost, leading to a growth of 5-8% in exports. Further, the Survey estimates that the worth of Indian logistics market would be around US$215 billion in next two years, against US$160 billion now.

Source: The Financial Express

New Industrial Policy to focus on Jobs, push Usage of Technology and cut red tape

The much-anticipated New Industrial Policy, which will replace the 27-year-old existing policy and pave the way for promotion of new technology and reduced regulations, has been placed before the Union Cabinet for approval. "The New Industrial Policy is now just a Cabinet nod away. Its implementation will lead to job creation and modernisation of units, and will encourage entrepreneurs to experiment with new technology to improve efficiency," a government official said.

"All ministries and departments concerned were kept in the loop throughout the drafting process. Hence, there were no major changes proposed during the inter-ministerial consultations," the official said. This will be the third industrial policy drafted in independent India. The first was announced in 1956, and the second, in 1991. The draft industrial policy floated in August 2017 by the Department of Industrial Policy & Promotion aims to create jobs over the next two decades, promote foreign technology transfer and attract US$100 billion FDI annually.

While the policy does not suggest direct changes in laws such as those governing labour, it is likely to propose the establishment of a body with representation from the Centre and the States to work on changes whenever required. It also suggests strengthening of municipal bodies. To promote the use of new technology such as robotics and artificial intelligence, the policy is expected to emphasize promoting R&D and set up an institutional mechanism to encourage commercial utilization of research done using government funds, the official said.

The Union Commerce & Industry Minister, Shri Suresh Prabhu, has said that the policy would include steps to cut down unnecessary regulations. “The New Industrial Policy will encourage the industry to work together with the government to improve productivity, R&D efforts, and efficiency,” the official said. The policy will focus on ‘Make in India’, improving ease of doing business, aligning trade and manufacturing, improving access to credit for MSMEs, industrial infrastructure creation, skill development and promotion of technology. The DIPP is also hopeful that the policy will act as a catalyst to help the Start-up India initiative to drive India’s economic growth.

Source: The Business Line

Govt. may soon impose IGST on Ex-factory Sales

The government may soon announce that integrated goods and services tax (IGST) will be imposed on ex-factory sales which happen in one state and the buying company is located in another state. Also, the next GST Council meeting, slated for September, may take up the issue of double taxation for goods imported on the basis of cost, insurance and freight (CIF). These issues were also raised by the industry with the Union Finance Minister Shri Piyush Goyal, recently.

Since GST is destination-based, tax is imposed in the state where the goods are bought. But, if a buyer, say in Gujarat, decides to buy goods from the seller’s factory in Maharashtra, it becomes a complicated matter whether the tax will be imposed in Maharashtra or Gujarat. The government is likely to say that IGST will be imposed in such a situation, sources said. A clarification might come in place of supply rules under GST Acts, they added. The issue has been under discussion for quite some time among legal and industry experts. Clarity is required, so that tax positions are aligned across businesses. The issue of double taxation was raised after an order by the Authority for Advance Rulings (AAR), Uttarakhand.

The AAR had ruled that the importer will have to pay the IGST on CIF value and also on the ocean freight component. The issue before the AAR was whether the importer will have to pay the IGST on freight value, on the Reverse Charge Mechanism (RCM), when the service provider and service recipient are outside India. Generally, the service provider has to submit the GST to the government, but under the RCM the buyer will have to do it. While generally this issue would affect cash flow situation of importing companies, the worst-affected would be those importing raw materials for the goods exempted under GST, because they will not get input tax credit as well.

Those importing power equipment will not get the credit since power is exempted from GST. Under CIF, sellers assume the responsibilities, till goods are shipped to a particular destination or buyer, they are not responsible once the goods are shipped. In this case as well, the worst affected are importers of raw material for those goods which are exempted from GST. Jain said to avoid litigation and levying of a dual GST, under Customs and GST laws, authorities should consider issuing an exemption under either law to subside additional tax costs for the excluded and exempt sectors. Industrialists also raised the issue of GST on input services in case of inverted duty structure. The July 27 GST Council meeting has allowed input tax credit for goods where final goods has less GST rate than its inputs. The industry also demanded that credit be given on tax paid on services inputs in these items. However, the government rejected that demand.

Source: The Business Standard

RCEP Talks to go beyond 2018, India claims Big Gains

Negotiations for a mega-trade pact among 16 Asia-Pacific countries including India will continue in 2019, the Union Commerce and Industry Minister, Shri Suresh Prabhu, said that as the country claimed substantial gains at the latest round of talks. Parties to the Regional Comprehensive Economic Partnership (RCEP) negotiations also agreed to India’s demand to give tariff concessions to other partners except China over a 20-year period.

For China, India would seek a longer period for removal of duties on goods as the domestic industry is apprehensive about the presence of the neighbouring country in the grouping. They will also take binding commitments for easier movement of professionals (called Mode 4 in trade parlance) in the region, a longstanding demand of India.

The commitments are part of a ‘package of deliverables’ whose contours will be defined by the end of the year. The trade ministers of 16 RCEP members met recently in Singapore to review the progress of negotiations where Shri Prabhu reiterated the need for providing adequate flexibilities on various elements such as exclusion, reduction, staging and deviations. “The RCEP negotiations will not end in 2018. It has been agreed at the level of leaders. It will go in 2019 as well and we will have opportunity to work on all the issues,” he said.

Source: The Economic Times

FREQUENTLY ASKED QUESTIONS

PRIORITY SECTOR LENDING - TARGETS AND CLASSIFICATION

(As on August 01, 2018)

[RELEVANT EXTRACT OF THE FAQ]

(1) What are the different categories under priority sector?

Priority Sector includes the following categories:

(i) Agriculture

(ii) Micro, Small and Medium Enterprises

(iii) Export Credit

(iv) Education

(v) Housing

(vi) Social Infrastructure

(vii) Renewable Energy

(viii) Others

(2) What are the Targets and Sub-targets for banks under priority sector?

The targets and sub-targets for banks under priority sector are as follows:

Categories	Domestic scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks)	Foreign banks with 20 branches and above-Foreign banks with less than 20 branches
Total Priority Sector	40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher	40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, to be achieved in a phased manner by 2020.
Micro Enterprises	7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.	Not applicable

(3) Whether limits are prescribed for loans sanctioned to Micro, Small and Medium Enterprises to be classified as priority sector?

For classification under priority sector, no limits are prescribed for bank loans sanctioned to Micro, Small and Medium Enterprises engaged in the manufacture or production of goods under any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time. The manufacturing enterprises are defined in terms of investment in plant and machinery under MSMED Act 2006.

Bank loans to Micro, Small and Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006, irrespective of loan limits, are eligible for classification under priority sector, w.e.f. March 1, 2018.

(4) What is the applicable limit and purpose for social infrastructure loans under priority sector?

Bank credit to Micro Finance Institutions (MFI) extended for on-lending to individuals/ members of SHGs/ JLGs for water and sanitation facilities is also eligible for classification as priority sector loans under 'Social Infrastructure' subject to certain criteria.

(5) Is bank credit to Micro Finance Institutions (MFIs) treated as priority sector lending?

Bank credit to MFIs (NBFC-MFIs, societies, trusts, etc) extended for on-lending to individuals and also to members of SHGs/JLGs is eligible for categorisation as priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, Social Infrastructure and Others subject to the criteria laid down in para 19 of the Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (updated as on August 01, 2018) on Priority Sector Lending – Targets and Classification.

(6) What are Priority Sector Lending Certificates (PSLCs)?

Priority Sector Lending Certificates (PSLCs) are a mechanism to enable banks to achieve the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall. This also incentivizes surplus banks as it allows them to sell their excess achievement over targets thereby enhancing lending to the categories under priority sector. Under the PSLC mechanism, the seller sells fulfilment of priority sector obligation and the buyer buys the obligation with no transfer of risk or loan assets.

(7) What are the instructions to Banks with regard to acknowledgement of priority sector loan applications?

Banks should provide acknowledgement for loan applications received under priority sector loan. A time limit is required to be prescribed by the Bank Board within which the bank communicates its decision in writing to the applicants.

(8) What is the rate of interest for loans under priority sector?

The rate of interest on bank loans will be as per directives issued by the Department of Banking Regulation of RBI, from time to time. Priority sector guidelines do not lay down any preferential rate of interest for priority sector loans.

(9) Where are the latest instructions on Priority Sector Lending available?

The latest instructions on Priority Sector Lending – Targets and Classification have been issued vide RBI Master Direction FIDD.CO.Plan.1/04.09/01/2016-17 dated July 7, 2016 (updated as on August 01, 2018)

(10) What is the effective date of removal of credit cap on MSME (Services) for classification under priority sector?

With regard to Para 3 of FIDD Circular dated March 1, 2018, it is clarified that the banks can reckon the entire outstanding portfolio to MSMEs, engaged in providing or rendering of services as defined in terms of equipment under MSME Act, 2006, under priority sector without any credit cap, from the date of the circular, i.e., March 1, 2018.

{Source : RBI https://www.rbi.org.in/Scripts/FAQView.aspx?Id=87}

Adverse financial situation for the Man-made fibre textile segment in India

Manufacturing sector including textile industry accounts for a major proportion of restructured loans of the banking system in India. Most of these sectors have a relatively higher share of total bank credit, the trends in restructuring of loans to these sectors make a bigger impact on the health of the banking sector. Within the industrial sector, a few sub-sectors, namely; Iron & Steel, Textile, Infrastructure, Power generation and Telecommunications have increasingly become a cause of concern in recent times for the banking system.

As far as textile industry is concerned, the total borrowings by textile companies in India have increased by 4.2% in 20th July, 2018 as compared to 21st July 2017 as per the data released by the Reserve Bank of India. However, total borrowings by textile companies have shown a decline of 4% in 20th July, 2018 as compared to 30th March, 2018. Out of the total outstanding of credit deployed by banks to the textile industry highest was in the Man-made textiles segment (in %) as on 20th July, 2018 as compared to 21st July, 2017 with a growth of 8.7%. There was a slight variation with a decline of 0.7% as on 20th July, 2018 compared to 30th March 2018. As on July 20, 2018 total outstanding Bank credit in the Man-made textile segment was ₹ 241 billion of total ₹ 2015 billion to the textile industry. The details are given below.

Segment-wise (Textile Industry) Deployment of Gross Bank Credit (₹ Billion)

Sr. No.	Industry	Outstanding as on			Variation	
		Jul. 21, 2017	Mar. 30, 2018	Jul. 20, 2018	Jul. 20, 2018 / Jul. 21, 2017	Jul. 20, 2018 / Mar. 30, 2018
					%	%
1	**Textiles**	**1933**	**2099**	**2015**	**4.2**	**-4.0**
1.1	Cotton Textiles	971	1057	1010	4.0	-4.5
1.2	Jute Textiles	27	22	21	-25.2	-7.0
1.3	**Man-Made Textiles**	**222**	**243**	**241**	**8.6**	**-0.7**
1.4	Other Textiles	713	776	743	4.3	-4.2

SOURCE: Financial Stability Report, RBI

A Tribute to our Past Vice-Chairman Shri Ambuj A. Kasliwal (2006-2009 & 2011-2012)

Shri Ambuj A. Kasliwal is P.M.D Graduate from Harvard Business School in 1978, having experience of more than 50 years in textile industries with own set up & in succession.

Shri Ambuj A. Kasliwal served the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) from 2006 to 2009 with Shri Sanjeev Saran as Chairman and from 2011 to 2012 with Shri Vinod Kumar Ladia as Chairman. He was Member of the Committee of Administration of the Council for more than 25 years. Shri Ambuj A. Kasliwal was instrumental in selection of the overseas export promotional programmes of the Council in potential markets for MMF textiles such as Vietnam, Romania, Turkey, Egypt, Argentina, South Africa, USA, Malaysia, Benin, Yemen, Bangladesh, Sri Lanka, Brazil, Mexico, etc. During his tenure as Vice Chairman of the Council High Level Textile Delegations were sent to the USA, Russia, Japan, South Africa, LAC, Tunisia, etc. Shri Ambuj A. Kasliwal himself was a member of the High Level delegations to Egypt, Pakistan, UAE & Bangladesh led by the then Hon'ble Union Textile Minister, Shri Shankersinh Vaghela from 28th January to 4th February, 2008. The Council had commissioned CRISIL Infrastructure Advisory to conduct a study for the formulation of an export strategy and vision for the Indian MMF textile Industry. During Shri Ambuj A. Kasliwal's tenure as Vice-chairman the Study Report was released by Shri D. P. Singh, then Secretary, Textiles, Govt. of India. The Council had also launched a Product Development Project in Surat which was inaugurated by Shri Shankersinh Vaghela, then Hon'ble Union Textile Minister, during the tenure of Shri Ambuj A. Kasliwal.

DYNAMICS OF THE TIME

By Shri Vijay K. Puri, Chairman, Vijay Fabrics Pvt. Ltd.

Someone has rightly said that, 'Success has no limit for the day dreamers with a positive approach'. One must think high, take right steps and work untiringly to achieve the goals. We at 'Vijay Fabrics Private Limited' group have found the blend of such rare things where with the devotion of our team members and support of all our business associates, we have bale to set new benchmark of performance year after year. It is evident from the 11 good trophies and 2 silver trophies bagged by our company in past 13 years for the Best Export Performance in India awarded by the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC). The journey is still on and we wish mount on further creativity to scale new heights in the time to come.

The present-day scenario of business is much complex and is facing new challenges from many fronts every day. There seems to be no end to the pains of the business community over various issues that crept during the recent past. Some are corollary to the Government policies and some are due to Nature's Law of change. There is no doubt over the broad objectives of the Government to be a good facilitator for ease of doing business and to boost overall economic growth with long term perspective, but as felt by all of us in the recent past, the transitional journey has been a little difficult and painful. Keeping in mind the good objective for overall economic growth and nature of unique reforms taken up by the Government, it is our duty to give our 100% for its success and to make life of the coming generations simpler than what the present one is experiencing. The big question here is how to meet and match the diverse interests and the new challenges posed by the present time.

Today, as well all know; the Government wants those entrepreneurs who can compete internationally. It is possible only with the implementation of latest technology, cost effectiveness and future oriented approach in the textile business. Only those will survive who are fittest in the market which is the Law of Nature.

Some of major issues concerning all of us for a sustainable Indian MMF textile segment are as mentioned below:

1. Over dependency on the Government subsidies and incentives. Subsidies and incentives are given to meet the Government's broad national, social and economic objectives and to help weaker sectors of the economy who stand up on their own in stormy conditions. However, the helping hand cannot continue forever as resources are limited to meet and manage the economy. Now, time has come for the textile business community to realize and think in this direction and try to stand on their own; work on areas that need attention and improvement and think on Global perspective, otherwise time is not away when the strong players will remove the weaker ones from the market.
2. Government today is encouraging 'startup businesses' who are aiming to do something new with innovative ideas. Only good ideas will get support to grow to international standards and become mighty to meet the global challenges. Age old ideas and practices will lose their relevance unless they meet the time tested parameters of change. Some of these startups will certainly become future's 'Google' and 'Walmart' on getting right direction and support from the business community and the Government. The existing entrepreneurs need to look at these young dynamic players and join hands with them for unprecedented results.
3. The 'Economies of Scale' is the only mantra, which will go a long way in reducing the manufacturing cost. Only large players in the market will survive and will be able to compete with the giants roaring in the international markets. Government's vision and policy in this direction seems to be very clear and the present-day mergers and acquisitions that are happening in large numbers indicate in that direction only. No wonder 3 Chinese companies are only occupying place among top 5 companies of the world by Revenue.

Continued on page 20

HANDSOME'S (INDIA), MUMBAI

Success is the result of perfection, hard work, learning from failure, loyalty, and persistence.

The Company **M/s Handsome's (India)** is a shining example of how a person with grit and determination can achieve success regardless of the innumerable obstacles in his path. It is also a perfect instance of how great team work can lead to building of empires from scratch.

It was set up way back in 1968 in Mumbai by a visionary (Late) Mr. Harish Dubey after his completion of Chemical Engineering from the University of Baroda. Mr. Dubey was then working with Century Rayon in its Kalyan office and simultaneously he started the company in the name of **M/s Handsome's** to fulfil his dream in the textile business. During those days Indian Manmade fibre textile segment was in the nascent stage and there were very limited companies manufacturing textiles in India.

Initially, Mr. Harish Dubey was handling **M/s Handsome's** independently but then the family joined in one by one and developed the company to a strong position. Mr. Manohar Dubey, joined the business in 1978 after completion of his Science graduation from St. Xavier's College, Mumbai and acquiring the technical knowledge as required in the Textile industry. .

M/s Handsome's started with only manufacturing Embroidered Sarees till 1981 when it had added Shirting Fabrics as their product of business and upto 1989 it catered to only domestic Indian market.

Business of M/s Handsome's has always been a fully family owned by the Dubey family. Opportunities don't happen. You create them. Such an opportunity was created by Mr. Manohar when he shifted the gears of the business by entering into the Foreign Markets in the year 1989 and change the name of the company to form & re-christen **M/s Handsome's (India).** As the saying goes, "Fortune favours the brave". Thereafter **M/s Handsome's (India)** became a 100% export company trading in all types of textile fabrics and readymade garments including Sarees, Suits,Fabrics . This decision empowered the company to grow with leaps and bounds!

Then there was no looking back. In the year 2007, the company was recognised and awarded the status of "Star Export House" by the Government of India. With the coveted Government recognition, **M/s Handsome's (India)** has been making inroads in new markets providing professional and proficient export services to its clients many of whom have been associated with the company from the time of the inception of the company.

Another milestone for **M/s Handsome's (India)** was in the year 2014-2015 when the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) had conferred the company with a "A Certificate of Merit" as a recognition for achieving 100% Growth in Export Performance. The company has continued to keep building on similar excellent growth and performances over the succeeding years.

This present year 2018 happens to be the 50th year of the **M/s Handsome's (India)** business and 29th successful year as an Export Company. Way back in 1989 the company started its export business with a small consignment to Dubai in the UAE and then slowly it had spread wide its wings to other potential markets in Africa, Asia, EU and America such as Mauritius, Singapore, Malaysia, Indonesia, Sri Lanka, Bahrain, Kuwait, UK, Canada, etc.

Despite the existing adverse market conditions in the textile segment globally, **M/s Handsome's (India)** has been able to achieve success in its business over the years and could build up very sound, successful and sustainable relationship with its international buyers. The company always believed in maintaining cordial relationship with the suppliers and buyers irrespective of whether the business is continuing or not.

A chip of old block of three Dubey brothers namely Mr. Vijay Dubey, Mr. Manohar Dubey, and Mr. Nirmal Dubey along with the ideas of the new generation Mr. Gaurav V. Dubey (Son of Mr. Vijay. D. Dubey) have groomed the company and brought to where it is today. Unity is Strength ....when there is teamwork and collaboration, incredible things can be achieved! As Henry Ford had said "If everyone is moving forward together, then success takes care of itself."

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4. India has great market opportunities with its 2nd largest population in the world. Unfortunately, the market is tapped more by the overseas corporate giants or by their Indian subsidiaries rather than by the Indian players themselves. There is cost competitive advantage to India in the areas of cheap labour cost and lower transportation cost due to proximity to markets. This can give astonishing results if tied with cheaper availability of capital to deserving candidates and with the latest technology generated in our Research Institutes and Universities. The need is to find out and encourage the new ideas which can be put to commercial use and channelize the efforts in that direction.

5. In the new Geo-political environment, Indian government is boosting its ties with all the prospective partners of the world, be it small country or a big one. The need is to explore, exploit and materialize these untapped markets. There is full bunch of opportunities available for the one who works on the infrastructure provided by the facilitator. The trade and export promotion Councils also have an enormous responsibility to realize the importance of this and work with its members in this direction.

In my opinion, the policy adopted by the Government to strengthen the big corporate to become bigger to meet the international challenges is good and commendable, but it should frame the policies in such a say that the interest of small and medium enterprises are also not put to risk and there are no challenges to their survival.

Index of Industrial Production (IIP)

(April-July 2018-19)

HIGHLIGHTS

- The Index of Industrial Production (IIP) in the month of July 2018 was higher by 6.6% over the index of July 2017.
- The cumulative overall growth of IIP during April-July 2018-19 registered a growth of 5.4% as compared to the same period of the previous year.
- **The Index of Industrial Production for the month of July 2018 for the Textiles Sector increased by 2.9 % as compared to July 2017.** There has been a cumulative growth of 13% in Textiles Sector during April-July 2018-19 over the corresponding period of 2017-18.
- The Index of Industrial Production for wearing apparel for July 2018 increased 9.8% and a fall of 2.8% during the period April-July 2018-19 over the corresponding period of the previous year.
- The Index of overall Industrial Production for the manufacturing sector has increased by 6.6% during the month of July 2018 while there was a cumulative growth of 5.4% during the period of April-July 2018-19 over the corresponding period of the previous year.

The Statement below gives the Quick Estimates of growth rate of the Index of Industrial Production (II)) at 2 digit level of the National Industrial Classification (NIC-2008) for the period of April-July 2018-19, along with the cumulative growth rates over corresponding period of the previous year:

Industry code	Description	Percentage growth				
		April 2018	July 2017	July 2018	Apr-July 2017-18	Apr-July 2018-19
17	Textiles	-1.6	-2.9	2.9	-1.9	13
18	Wearing apparel	-13.4	-5.1	9.8	-2.5	-2.8
15-36	Manufacturing	5.2	0.1	7.0	1.3	5.6
	General	4.9	1.2	6.6	1.7	5.4

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

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Concerns on Depreciating Indian Currency to Maintain Export Momentum

The current economic context, as a result of volatility of Indian Rupee has created anxious moments to various industrial sectors in India and abroad including the textiles segment. Information on currency swings has been tracked all over the world. So is the case for Indian rupee depreciation. The news has been carried out to all the buyers of the textile importing countries from India on a daily basis. We are given to understand that informed on depreciating Indian rupee, the overseas buyers/importers have already started negotiating for commissions and discounts from the Indian textile exporters. Therefore, the positive impact of rupee depreciation is being diluted and profitability is likely to be very thin. The depreciating rupee should have been helping the exporters to pass on the cost burden to importers then only it will make export profitable.

Also, the depreciating rupee would help us only if all other competing countries currencies remain stronger. If all the competing countries currencies also depreciate in the same proportion then the prospective gains from rupee depreciation will be neutralised. The textile exporters need to take into account these factors while finalising their export orders. They also need to be cautioned in fixation of price factoring in the current rupee depreciation and its volatility. It may be mentioned that since some of the essential textile raw materials are being imported by the Indian MMF textile industry, the adverse impact of rupee volatility may be controlled by exploring the hedging mechanism. Hedging will help in lessening the quantum of risks and uncovered transactions.

Nevertheless, it is expected that the textile industry is turning around in the December quarter, if not in the September one. This is because export orders booked after April will start getting executed now and the impact of this depreciating Rupee is likely to be seen partly in the September quarter but possibly will to be with more concrete and positive results in the December quarter.

However, there are other challenges in the export front of the MMF textile segment in India. Majority of the small and medium enterprises are still reeling under pressure because of the liquidity crunch due to delay in ITC refund and in some cases denial of the same. Moreover, interest rates in India are among the highest and the financial institutions and banks have continuously been tightening their lending norms which are discouraging. Under such water tight situations, it is urgent for the Government to extend policy supports towards the textile industry which is the most labour intensive manufacturing segment.

Continued from page 2

United Kingdom emerges as a Huge Potential Market for Export of Indian Textile & Clothing Products

UK's Textile and Clothing Imports from World during 2017

Chapter	Product Description	UK's imports from World	UK's imports from India	India's Share (%)
50	Silk	43.23	6.56	15.17
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	417.93	27.53	6.59
52	Cotton	319.58	22.52	7.05
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	94.53	13.12	13.88
54	Man-made filaments; strip and the like of man-made textile materials	837.61	43.54	5.20
55	Man-made staple fibres	584.39	20.11	3.44
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	755.62	19.53	2.58
57	Carpets and other textile floor coverings	1159.22	90.16	7.78
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	372.26	24.36	6.54
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable	427.55	6.55	1.53
60	Knitted or crocheted fabrics	249.49	3.39	1.36
61	Articles of apparel and clothing accessories, knitted or crocheted	12487.70	785.03	6.29
62	Articles of apparel and clothing accessories, not knitted or crocheted	11711.46	681.82	5.82
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	2409.64	249.78	10.37
Total		31870.19	1994.00	6.26

Market Potential for Man-made Fibre Textiles in UK

UK's Global Import of MMF Textiles in US$ billion			UK's Imports of MMF Textiles from India in US$ billion			% Share of India in 2016
2015	2016	2017	2015	2016	2017	
3471.148	3148.369	3243.78	122.147	115.339	111.523	3.44

During 2017 UK imported about 3244 million of manmade fibre textiles, in which India's share was 3.44%

Import of Manmade filaments by UK covered under Chapter 54

HS Code	Product label	Imported in 2017 (Value in US$ MN)
54023200	Textured filament yarn of nylon or other polyamides, with a linear density of > 50 tex per ...	111.72
54023400	Textured synthetic filament yarn of polypropylene (excl. sewing thread and yarn put up for ...	58.30
54075200	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	54.80
54021900	High-tenacity filament yarn of nylon or other polyamides (excl. sewing thread, yarn put up ...	50.14
54023300	Textured filament yarn of polyester (excl. that put up for retail sale)	49.62
54023100	Textured filament yarn of nylon or other polyamides, with a linear density of <= 50 tex per ...	31.36
54022000	High-tenacity filament yarn of polyesters (excl. that put up for retail sale)	29.29
54077300	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	23.15
54072019	Woven fabrics of strip or the like, of polyethylene or polypropylene, incl. monofilament of ...	21.21
54071000	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament ...	21.19
54021100	High-tenacity filament yarn of aramids (excl. sewing thread and yarn put up for retail sale)	20.67
54077200	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	20.15

HS Code	Product label	Imported in 2017 (Value in US$ MN)
54026300	Multiple “folded” or cabled filament yarn of polypropylene, incl. monofilament of < 67 decitex ...	17.89
54049090	Synthetic strip and the like, e.g. artificial straw, of synthetic textile material, with an ...	17.86
54079200	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	17.50
54076130	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl. ...	17.21
54075300	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	16.32
54072011	Woven fabrics of strip or the like, of polyethylene or polypropylene, incl. monofilament of ...	14.93
54024700	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a ...	13.68
54079300	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	13.48
54011090	Sewing thread of synthetic filaments, put up for retail sale	12.60
54075400	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	11.32
54076990	Woven fabrics of yarn containing >= 85% by weight of mixtures of textured and non-textured ...	9.90
54076190	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl. ...	9.20
54024900	Synthetic filament yarn, incl. synthetic monofilament of < 67 decitex, single, untwisted or ...	8.82
54026200	Multiple “folded” or cabled filament yarn of polyester, incl. monofilament of < 67 decitex ...	8765
54078300	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	8479

Imports of Textiles made of Manmade Staple Fibres by UK covered under Chapter 55

HS Code	Product label	Imported in 2017 (Value in USD MN)
55032000	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	150.53
55013000	Filament tow as specified in note 1 to chapter 55, acrylic or modacrylic	29.37
55121990	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed or made of yarn of ...	27.62
55141200	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	24.59
55111000	Yarn containing >= 85% synthetic staple fibres by weight, put up for retail sale (excl. sewing ...	19.82
55093200	Multiple “folded” or cabled yarn containing >= 85% acrylic or modacrylic staple fibres by weight .	19.29
55041000	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	17.74
55034000	Staple fibres of polypropylene, not carded, combed or otherwise processed for spinning	17.11
55031900	Staple fibres of nylon or other polyamides, not carded, combed or otherwise processed for spinning	13.06
55164300	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	11.77
55151190	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	11.64
55129990	Woven fabrics containing >= 85% synthetic staple fibres by weight, dyed or made of yarn of ...	10.38
55091200	Multiple “folded” or cabled yarn containing >= 85% nylon or other polyamide staple fibres by ...	10.02
55039000	Synthetic staple fibres, not carded, combed or otherwise processed for spinning (excl. those ...	8.74
55169300	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, other ...	8.68
55101200	Multiple “folded” or cabled yarn containing >= 85% artificial staple fibres by weight (excl. ...	8.28
55161300	Woven fabrics containing >= 85% artificial staple fibres by weight, made of yarn of different ...	7.15
55161100	Woven fabrics containing >= 85% artificial staple fibres by weight, unbleached or bleached	7.03
55121100	Woven fabrics containing >= 85% polyester staple fibres by weight, unbleached or bleached	6.09

EXPORT PROMOTIONAL INITIATIVE OF THE COUNCIL

In view of the huge scope which exists for further increasing exports of Indian textiles products including Man-made fibre textiles to UK, The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) as the lead Council, is organizing the participation of its Member-companies in “**TEXFUSION,**” London, during 31st October to 1st November 2018. The Council requests all its member-exporters to take advantage of this excellent opportunity and participate in the Exhibition in big numbers.

MINISTRY OF COMMERCE & INDUSTRY					
DGFT					
S. No	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
1)	Notification No. 30/2015-20	28.8.2018	Corrigendum to Notification No.25/2015-20 dated 17.08.2018	HS codes 27132000 & 27139000 are not Petcokes & hence, they are removed from Notification No. 25/2015-20 dtd 17.8.2018 & import policy of these items is restored to 'Free' instead of 'Prohibited'.	http://dgft.gov.in/sites/default/files/Notification%20No-30%28E%29.pdf
2)	Notification No. 29/2015-20	28.8.2018	Export Policy of Bio-Fuels	New entries inserted at Sl. No. 115A, 115B and 115C in Chapter 27 relating to Mineral Fuels, Mineral Oils and Products of their Distillation; Bituminous Substances; Mineral Waxes under Schedule 2 of ITC (HS) Classification of Export & Import Items.	http://dgft.gov.in/sites/default/files/Noti%2029%20dated%2028.08.2018%20English.pdf
3)	Notification No. 28/2015-20	27.8.2018	Amendment in Para 3.24 (j) of Chapter-3 of FTP 2015-2020	Limit of Rs 1 Crore per year for exports on free of cost exports basis for export promotion for Status Holders is removed and is made 2% of average annual export realization during preceding three licensing years.	http://dgft.gov.in/sites/default/files/Notification%20No.%2028%20English.pdf
4)	Notification No. 27/2015-20	21.8.2018	Amendment in import policy of biofuels	Amendments are made in Import policy of biofuels under Chapter 27 and Chapter 38 under ITC (HS), 2017, Schedule - I (Import Policy).	http://dgft.gov.in/sites/default/files/Notification%20No-27%28E%29.pdf
5)	Notification No. 25/2015-20	17.8.2018	Amendment of Import Policy Condition of Petcoke	Chapter Policy Condition No. 6 has been inserted in Chapter 27 of ITC (HS) 2017 under Schedule 1 (Import Policy).	http://dgft.gov.in/sites/default/files/Notification%20No-25%28E%29.pdf
6)	Public Notice No. 37/2015-20	4.9.2018	Amendments in Appendices & ANFs in Chapter 7 of FTP/ HBP 2015-20	Amendments made in Appendices & Aayat Niryaat Forms pertaining to Chapter 7 regarding Deemed Exports under HBP 2015-20 & shall come into force w.e.f. 5.12.2017.	http://dgft.gov.in/sites/default/files/pn37_0.pdf
7)	Public Notice No.36/2015-20	4.9.2018	Amendments in Appendices & ANFs pertaining to Chapter 6 of FTP/ HBP 2015-20	Amendments made in Aayat Niryaat Forms (ANFs) pertaining to Chapter 6 regarding Export Oriented Units, Electronics Hardware Technology Parks, Software Technology Parks, Scheme And Bio-Technology Parks under HBP 2015-20 & shall come into force w.e.f. 5.12.2017.	http://dgft.gov.in/sites/default/files/pn36_0.pdf
8)	Public Notice No. 32/2015-20	29.8.2018	Intimation to RAs about Block-wise fulfilment of EO under EPCG	Amendments made in Paragraph 5.14(b) under HBP 2015-20 regarding intimation to RAs about Block-wise fulfilment of Export Obligation under EPCG Scheme.	http://dgft.gov.in/sites/default/files/PN%20No.32%20english.pdf
9)	Public Notice No. 31/2015-20	29.8.2018	Shifting of Capital Goods imported under EPCG Scheme	Amendments made in Para 5.04(a) about Certificate of Installation of Capital Goods under HBP 2015-20 regarding shifting of Capital Goods imported under the EPCG Scheme.	http://dgft.gov.in/sites/default/files/Pn%20No.31%20english.pdf
10)	Trade Notice No. 32/2018-19	14.9.2018	Charging of Fees for REX Registration	DGFT has reiterated that REX registration under EU GSP Scheme is free and no fees can be charged from exporters for REX registration.	http://dgft.gov.in/sites/default/files/TN-32%20dt-14.09.2018.pdf
11)	Trade Notice No. 30/2018-19	11.9.2018	Guidelines to apply for MEIS under System Driven approval mechanism for MEIS applications for S/bills from EDI ports	DGFT has started the process of system driven approval of the MEIS claim Applications from 13.09.2018 in respect of exports made through EDI shipping bills.	http://dgft.gov.in/sites/default/files/Trade%20Notice%2030_0.pdf
12)	Trade Notice No. 29/2018-19	30.8.2018	DGFT as the Authenticating Officer on behalf of President of India in all Notifications published in Gazette of India Extraordinary Part-II, Section - 3,Sub-Section (ii)	DGFT has clarified that notifications published are issued with the approval of the competent authority i.e. Central Government through Commerce & Industry Minister and signed by the DGFT as the authenticating officer on behalf of the President of India under Government of India Authentication (Orders and Order Instruments) Rules, 2002.	http://dgft.gov.in/sites/default/files/Trade%20Notice%20No-29-30.08.2018.pdf

S. No	Heading No.	Date	Subject	Description	Download the Link
13)	Trade Notice No.27/2018-19	28.8.2018	Acceptance of new format for IEC	Photograph in IEC has been dispensed with & IEC is PAN- based system generated code & will no longer be treated as identity card for identity purposes, W.e.f. 9.8.2018,	http://dgft.gov.in/sites/default/files/Trade%20Notice-27.pdf
14)	Trade Notice No.24/2018-19	16.8.2018	Status of Norms Fixation of Advance Authorisations obtained under Self declaration basis	New facility has been introduced by DGFT-EDI division that will allow exporters who have obtained Advance Authorizations under self declaration basis to view status of their applications online.	http://dgft.gov.in/sites/default/files/TRADE%20NOTICE.pdf

MINISTRY OF FINANCE

CBEC – CUSTOMS

S. No	Heading No.	Date	Subject	Description	Download the Link
1)	Notification No. 61/2018-Customs (T)	14.9.2018	CBIC seeks to further amend the Notification No. 73/2005 - Customs, dated 22.07.2005 & Notification No. 10/2008- Customs dated 15.01.2008	Necessary changes are made as per the second protocol amending the India Singapore Comprehensive Economic Cooperation Agreement in Notification No. 73/2005 - Customs dated 22nd July, 2005 and Notification No. 10/2008- Customs dated 15th January, 2008.	http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-tarr2018/cs61-2018.pdf;jsessionid=FE42A716217C77B59F36112218B991EA
2)	Notification No. 59/2018-Customs (T)	21.8.2018	Seeks to exempt BCD & IGST on goods imported for donation for relief & rehabilitation of the people of Kerala affected by the floods upto 31.12.2018.	CBIC exempts all goods falling under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) when imported into India and intended for donation for the relief and rehabilitation of the people affected by the recent floods in the State of Kerala.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-tarr2018/cs59-2018.pdf
3)	Notification No. 77/2018-Cus(NT)	06.09.2018	Exchange Rates Notification No.77/2018-Custom (NT) dated 6.9.2018.	CBIC notifies the exchange rate of conversion of each of the foreign currencies into Indian currency or vice versa relating to import and export of goods. w.e.f. 7.9.2018.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-nt2018/csnt77-2018.pdf
4)	Notification No. 75/2018-Cus(NT)	21.8.2018	Amendments in Notification No. 82/2017- Customs (NT)	Karanja Terminal in Uran Taluka has been added in Notification No. 82/2017- Customs (NT).	http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2018/cs-nt2018/csnt75-2018.pdf;jsessionid=2837AC083A76A36FE898CCB670092049
5)	Circular No. 31/2018	5.9.2018	24x7 Clearance	A new facility of 24 x 7 clearance has been introduced at M/s Adani Kattupalli Sea port in Chennai, Tamilnadu.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-31-2018-Customs.pdf
6)	Circular No. 30/2018	29.8.2018	Setting up of the Office of Commissioner (Investigation-Customs) created under CBIC	A new post of the Commissioner (Investigation – Customs) has been created.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-30-2018-Customs.pdf
7)	Circular No. 29/2018	30.8.2018	Pilot Implementation of Paperless processing under SWIFT-uploading of supporting documents (eSANCHI) in Exports	To increase the speed of clearance in Exports, CBIC has proposed to introduce a facility to upload digitally signed supporting documents on a pilot basis at Air Cargo Complex, New Delhi and Chennai Customs House.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-29-2018-Customs.pdf
8)	Circular No. 28/2018	30.8.2018	Forwarding of samples for testing to the Outside Laboratories	CBIC has instructed the Central Revenues Control Laboratory (CRCL) to continuously update the list of testing facilities available on its webpage or on the web link of each laboratory to avoid delays in testing merely on account of ascertaining as to which of the labs has the relevant testing facility.	http://www.cbic.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2018/circ28-2018cs.pdf

SAHAR AIR CARGO CUSTOMS

S.No	Heading No.	Date	Subject	Description	Download the Link
1)	Public Notice No. 119/ 2018	31.07.2018	Forwarding of samples for testing to the Outside Laboratories	CRCL has identified some more entities where the samples could be tested	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_119.pdf

JAWAHARLAL NEHRU CUSTOM HOUSE					
S. No	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
1)	Public Notice No. 128/2018	29.08.2018	Introduction of module for online application for DPD permission	Customs has introduced "Online DPD Permission Module" & has dispensed with the need to provide hard copy of application & documents for DPD permission in physical form.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_128.pdf
2)	Public Notice No. 126/ 2018	21.08.2018	Dealing with cases, where importer/ Customs brokers are submitting multiple DPD intimations for the same consignments	DPD Importer/ Customs broker, who have not submitted the "one-time default intimation", are advised to submit the same electronically, & are even advised not to submit more than one request for one consignment. Shipping lines should intimate the details of such multiple intimations to dpd.amijnch@gmail.com.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_126.pdf
3)	Public Notice No. 125/ 2018	21.08.2018	Procedure to be followed for obtaining unique DPD code to DPD importers	Each Terminal Operator must send list of DPD importers registered by them on 16th & 1st of every month to dpd.amijnch@gmail.com.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_125.pdf
4)	Public Notice No. 124/ 2018	20.08.2018	Simplification and rationalization of AEO-T1 Application	JNCH has decided that the process of accreditation of AEO-T1 shall be decentralized to the Zonal level.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_124.pdf
5)	Public Notice No. 123/ 2018	20.08.2018	Dispensing with requirements of documents being submitted at the time of "Registration" and "OOC" at "DPD/RMS Facilitation Centre" & CFSs	The custodian will issue the Gate Pass/ Delivery Order on electronic transmission of Out of Charge (OOC) through ICEGATE without insisting for the hard copy of Out of Charge Order.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_123.pdf
6)	Public Notice No. 119/ 2018	31.07.2018	Forwarding of samples for testing to the Outside Laboratories	CRCL has provided details of entities, where the samples can be tested.	http://www.jawaharcustoms.gov.in/pdf/PN-2018/PN_119.pdf

MINISTRY OF TEXTILES

O/O TEXTILE COMMISSIONER					
S. No	**Heading No.**	**Date**	**Subject**	**Description**	**Download the Link**
1)	Circular No. 7 (2018) (2018-2019 series)	5.9.2018	Addition of Lending Agency	Following Lending Agency under the Amended Technology Upgradation Fund Scheme (A- TUFS): **Bassein Catholic Cooperative Bank Ltd., Catholic Bank Building, Papdy Naka, Vasai (West)- 401 207.**	http://storage.unitedwebnetwork.com/files/63/baed19023cc95d-86f9ac27054059728d.pdf
2)	Circular No. 6 (2018) (2018-2019 series)	31.8.2018	Procedures for enlistment of machinery manufacturers	Procedures are prescribed for enlistment of machinery manufacturers under ATUFS.	http://storage.unitedwebnetwork.com/files/63/1d90e00be-b1e536049aa13ac36d667fd.pdf
3)	Circular No. 5 (2018) (2018-2019 series)	31.8.2018	Inclusion of new machine	Following machine under A- TUFS has been included : TUFS Sr. No.: MC 01 A (16) Machine Description: Electronic Jacquard for Conventional looms (Shuttle looms)	http://storage.unitedwebnetwork.com/files/63/fe4c93bfdf8f869ac2ccf-dab7eb9b87e.pdf

GST RELATED NOTIFICATIONS

CENTRAL TAX NOTIFICATIONS

(http://www.cbic.gov.in/htdocs-cbec/gst/central-tax-notfns-2017)

Notification No. / Date	Subject
51/2018-Central Tax ,dt. 13-09-2018	Seeks to bring section 52 of the CGST Act (provisions related to TCS) into force w.e.f 01.10.2018
50/2018-Central Tax ,dt. 13-09-2018	Seeks to bring section 51 of the CGST Act (provisions related to TDS) into force w.e.f 01.10.2018
49/2018-Central Tax ,dt. 13-09-2018	Notification amending the CGST Rules, 2017 (Tenth Amendment Rules, 2018)
48/2018-Central Tax ,dt. 10-09-2018	Seeks to make amendments (Ninth Amendment, 2018) to the CGST Rules, 2017.

Notification No. / Date	Subject
47/2018-Central Tax ,dt. 10-09-2018	Seeks to extend the due date for filing of FORM GSTR - 3B for newly migrated (obtaining GSTIN vide notification No. 31/2018-Central Tax, dated 06.08.2018) taxpayers [Amends notf. No. 34/2018 - CT].
46/2018-Central Tax ,dt. 10-09-2018	Seeks to extend the due date for filing of FORM GSTR - 3B for newly migrated (obtaining GSTIN vide notification No. 31/2018-Central Tax, dated 06.08.2018) taxpayers [Amends notf. No. 35/2017 and 16/2018 - CT]
45/2018-Central Tax ,dt. 10-09-2018	Seeks to extend the due date for filing of FORM GSTR - 3B for newly migrated (obtaining GSTIN vide notification No. 31/2018-Central Tax, dated 06.08.2018) taxpayers [Amends notf. No. 21/2017 and 56/2017 - CT].
44/2018-Central Tax ,dt. 10-09-2018	Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover above Rs 1.5 crores.
43/2018-Central Tax ,dt. 10-09-2018	Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover up to Rs 1.5 crores.
42/2018-Central Tax ,dt. 04-09-2018	Seeks to extend the time limit for making the declaration in FORM GST ITC-01 for specified classes of taxpayers
41/2018-Central Tax ,dt. 04-09-2018	Seeks to waive the late fee paid for specified classes of taxpayers for FORM GSTR-3B, FORM GSTR-4 and FORM GSTR-6
40/2018-Central Tax ,dt. 04-09-2018	Seeks to extend the time limit for making the declaration in FORM GST ITC-04
39/2018-Central Tax ,dt. 04-09-2018	Seeks to make amendments (Eighth Amendment, 2018) to the CGST Rules, 2017
38/2018-Central Tax ,dt. 24-08-2018	Seeks to prescribe the due dates for quarterly furnishing of FORM GSTR-1 for those taxpayers with aggregate turnover of upto Rs.1.5 crores for the quarter July, 2018 to September, 2018
37/2018-Central Tax ,dt. 24-08-2018	Seeks to prescribe the due dates for furnishing of FORM GSTR-1 for those taxpayers with aggregate turnover of more than Rs. 1.5 crores for the months of July, 2018 and August, 2018
36/2018-Central Tax ,dt. 24-08-2018	Seeks to extend the due dates for filing FORM GSTR-3B for the months of July, 2018 and August, 2018
35/2018-Central Tax ,dt. 21-08-2018	Seeks to extend the due date for filing of FORM GSTR-3B for the month of July, 2018

CIRCULARS/ ORDERS

(http://www.cbic.gov.in/htdocs-cbec/gst/cgst-circ-idx-2017)

Circular No.	Date	Subject
64/2018	14/09/018	Modification of the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances, as clarified in Circular Nos. 41/15/2018-GST dated 13.04.2018 and 49/23/2018-GST dated 21.06.2018
63/2018	14/09/018	Clarification regarding processing of refund claims filed by UIN entitles
62/2018	12/9/2018	Levy of GST on Priority Sector Lending Certificate-reg.
61/2018	4/9/2018	E-way bill in case of storing of goods in godown of transporter.
59/2018	4/9/2018	Clarification on refund related issues.
58/2018	4/9/2018	Recovery of arrears of wrongly availed CENVAT credit under the existing law and inadmissible transitional credit.
56/2018	24-08-2018	Clarification on removal of restriction on refund of accumulated Input Tax Credit on fabrics

How have MSME Sector Credit and Exports Fared?

This article is authored by Shri Harendra Behera and Smt. Garima Wahi from Monetary Policy Department, assesses the recent credit dynamics and export performance of Micro, Small and Medium Enterprises (MSMEs). The above topic was placed on The Reserve Bank of India's website (Mint Street Memo No 13) dated 17th August, 2018. The views and opinions expressed in MSM series are those of the authors and do not necessarily represent the views of the RBI.

Summary

The study evaluates the recent credit dynamics and export performance of Micro, Small and Medium Enterprises (MSMEs). Credit growth in the micro, small and medium enterprise (MSME) sector, which had started slowing even before demonetisation, declined further during the demonetisation phase.

Introduction

Globally, MSMEs segment plays a vital role in employment generation and contributes significantly to overall economic activity. In India, the MSME sector constitutes the following –

- Vast network of over 63 million Units
- Employs around 111 million people
- Share in overall GDP is around 30 per cent (GOI, 2018)
- About 45 per cent of manufacturing output
- Around 40 per cent of total exports of the country
- Largely operates in the informal sector
- Comprise a large number of micro enterprises and daily wage earners

MSMEs sector faces operational problems due to its size and nature of business, and is, therefore, relatively more prone to various shocks to the economy.

This sector has witnessed two major recent shocks, viz., demonetisation and introduction of goods and services tax (GST). For instance, contractual labour in both the wearing apparel and gems and jewellery sectors reportedly suffered as payments from employers became constrained after demonetisation (RBI, 2017). Similarly, GST led to increase in compliance costs and other operating costs for MSMEs as most of them were brought into the tax net.

In a recent survey conducted, more than 60 per cent of respondents felt that their systems were not ready for the new tax regime. A study by Small Industries Development Bank of India (SIDBI) indicates that post-demonetisation and post-GST, the relative credit exposure initially declined for most MSMEs but had recovered fully by March 2018. During demonetisation, many smaller districts, which were witnessing higher growth, felt greater shock compared to larger centres.

Sectors such as manufacturing and construction were reportedly most affected by implementation of GST and demonetisation; however, both these sectors are showing signs of improvement (World Bank, 2018). Demonetisation and GST are expected to be positive in the long run with growth in digitisation, enhanced ease of doing business and creation of database of transactions which would facilitate better access to finance and improve the medium and long term growth prospects of the sector. These structural reforms, however, might have disrupted the performance of MSMEs in the short run. This study examines how credit and exports of the MSME sector have fared in the wake of the recent shocks.

Need of Credit

Despite significant contribution to economic growth, MSMEs face several blockages inhibiting them from achieving their full potential. They are unable to access timely and adequate finance as most of them are in niche segments where credit appraisal is a major challenge. According to International Finance Corporation (IFC) estimates –

Potential demand for India's MSME finance	US$ 370 billion
Against the current credit supply	US$ 139 billion
Finance gap	US$ 230 billion (equivalent to 11 % of GDP)

MSMEs face constraints in following areas –

- Operational problems due to its size and nature of business.
- Operate largely in the informal sector and comprise a large number of micro enterprises and daily wage earners.
- A large number of these firms depend on informal channels because of easy accessibility and availability of credit without any documentation hassles and mortgages, even though the rate of interest on such loans are very high
- Difficulty in accessing finance due to lack of comprehensive formal documentation relating to accounts, income and business transactions.
- Loans are provided to the MSMEs mainly through appraisal of their collaterals rather than assessing their true business potentials.
- Banks do not trust start-ups, view such loans as risky and thus do not prefer extending finance to MSMEs.

Evolution of MSME Credit

Between 2014 and 2016, the deceleration in bank credit growth to MSMEs was as a result of an overall slowdown in economic activity, rising bank NPAs etc. Credit growth declined and turned negative during November 2016-February 2017. Hence, it seems that demonetisation accentuated the slowdown in credit growth, particularly to industrial sector. However, the growth in credit to the MSME sector recovered after February 2017 to reach an average of 8.5% during January-May 2018. This slowdown in bank credit to MSMEs beginning late 2016 and its recovery since mid-2017 broadly mirrors the trends in overall bank credit.

Within the formal financial sector, MSMEs receive around 90% loans mainly from banks. The share of credit provided by banks has declined since September 2016 partly reflecting the risk aversion of banks due to deterioration in their asset quality. In contrast, loans extended by NBFCs to MSMEs grew strongly at an annual average rate of 35% during the same period and their share in total credit almost doubled from around 5.5% in December 2015 to around 10% by March 2018. Lower non-performing assets (NPAs) of Non-banking finance companies (NBFCs) in MSME credit as compared to banks might have helped them in extending credit to the sector.

The share of credit extended to MSMEs in overall bank credit declined steadily to around 14% by end-March 2018 from about 17% in 2007; this could partly be due to over-lending to large corporates in the second half of 2000s. Additionally, within the credit to industrial sector, the share of credit to medium enterprises has dropped significantly as compared to the share of micro and small enterprises. While the share of public sector banks (PSBs) in overall bank credit has fallen since 2015, it has increased for private sector banks (PVBs).

NPAs of both PSBs and PVBs pertaining to the MSME sector have increased over time, with the level being much higher in the case of PSBs. Despite rise in NPAs, credit to MSMEs by PSBs recovered in the second half of 2017-18. As against this, the growth in credit to MSMEs by PVBs decelerated during this period, although credit growth of PVBs remains higher than that of PSBs. Also, NPAs related to industrial sector MSMEs were higher compared to that of the services sector and the overall NPA level of the banking sector. Thus, asset quality deterioration might also have impacted the supply of bank credit, especially to MSMEs.

Measures of Reserve Bank of India to support MSME credit

- The RBI has initiated a series of measures to provide some relief to MSMEs in debt repayments after demonetization
- The prudential norms were relaxed by providing an additional 60 days for repayment of dues, beyond what is applicable for loans to be considered as sub-standard for running working capital account, for accounts with sanctioned limit of Rs. 1 crore or less.
- The relaxation was extended by providing additional 30 days for repayment of dues.
- RBI advised banks to use the facility of providing 'additional working capital limit' to their MSME borrowers to overcome the cash flow mismatches. This was a one-time measure valid up to March 31, 2017.
- The Reserve Bank announced relief measures for GST-registered MSMEs with aggregate exposure of less than Rs.250 million (as on January 31, 2018), which were standard as on August 31, 2017.
- Loans of MSMEs borrowers were to be declared NPA (Non-Performing Asset) only if the dues (outstanding as on September 1, 2017 and payments due between September 1, 2017 and January 31, 2018) to the banks/NBFCs (Non Banking Financial Company) were more than 180 days past original repayment date. This would provide relief to 0.14 million borrowers whose accounts were standard in August 2017 but would have become NPA in January 2018.
- RBI decided to temporarily allow banks and NBFCs to classify MSMEs exposure, as per the 180 day past due criterion, to all MSMEs with aggregate credit facilities up to the above limit, including those not registered under GST.
- In view of the benefits from increasing formalization of the economy for financial stability, the 180 day past due criterion, in respect

of dues payable by GST registered MSMEs from January 1, 2019 onwards, shall be aligned to the extant norm of 90 day past due in a phased manner, whereas for entities that do not get registered under GST by December 31, 2018, the asset classification in respect of dues payable from January 1, 2019 onwards shall immediately revert to the 90 day norm.

- Remove the credit cap for loans between Rs.50 million and Rs.100 million for MSME services sector borrowers for consideration under priority sector.

Measures offered by Governemnt to promote MSMEs exports

MSME sector contributes around 40% to India's total exports (GOI, 2018). Recognising the significant contribution of MSMEs, the Government has offered following measures in its Foreign Trade Policy (FTP) to promote exports by MSMEs.

1) Merchandise Exports from India Scheme (MEIS) was introduced in the FTP 2015-20 w.e.f. April 1, 2015 in order to offset infrastructural inefficiencies and associated costs involved in exporting goods that are produced in India, including those by MSMEs.
2) Interest subvention of 3% for pre-and post-shipment Rupee Export Credit w.e.f. April 1, 2015 for five years.
3) Duty credit scrips at the rate of 2%, 3%, 4%, 5%, and 7% of the FOB value of exported goods under MEIS scheme.
4) By achieving a certain threshold level of exports, exporters are provided 'Status Recognition Certificate', which entitles them for certain privileges like faster clearance of goods by customs and provision for free cost of exports and exemption from furnishing Bank Guarantee under the Export Promotion Schemes.
5) Training/ counselling under Niryat Bandhu Scheme.

In order to provide support to MSMEs in the context of implementation of GST, following measures have been undertaken by the government:

1) Under the mid-term review of the FTP in December 2017, the government decided to provide additional relief worth Rs. 84.5 billion annually for labour-intensive and MSME sectors through measures such as:
    - Increasing the rate of incentives under MEIS scheme by 2 % for labour intensive MSME sectors, which is additional for ready-made garments and made-ups where incentives were earlier enhanced from 2% to 4%;
    - Increasing incentives under Services Exports from India Scheme (SEIS) for notified service providers by 2%.
    - To reduce the compliance burden of MSMEs, government has allowed businesses with a turnover of up to Rs.15 million to file returns and pay taxes quarterly (instead of monthly).
2) While recognising the difficulties of cash blockage on account of having to pay GST/IGST (Integrated GST) upfront on the inputs, raw materials, and finished goods imported or procured for the purpose of exports, the GST Council re-introduced the pre-GST tax exemptions on such imports and introduced a special scheme of payment of GST @ 0.1 per cent on procured goods of exporters in October 2017.
3) A refund of GST/IGST paid on domestic procurement made under Advance Authorisation, Export Promotion Capital Goods (EPCG) and Export Oriented Unit (EOU) schemes was also permitted up to March 31, 2018.
4) An e-Wallet scheme was designed to credit notional or virtual currency by the DGFT to facilitate the exporters to make the payment of GST/IGST on the goods imported/procured by them so their funds are not blocked.
5) During its 26th meeting held on March 8, 2018, the GST Council decided to extend the available tax exemptions on imported goods for further six months beyond March 31, 2018.

Conclusion

- The above study report assesses the recent dynamics of bank credit and export growth of MSMEs in the aftermath of demonetisation and GST implementation. The main findings are:
- Credit growth in the MSME sector had started decelerating even before demonetisation, and declined further during the demonetisation phase. GST implementation does not seem to have had any significant impact on credit.
- Overall, MSME credit and especially micro credit to MSMEs, including loans by banks and NBFCs, shows a healthy rate of growth in recent quarters. During the quarter April-June 2018, bank credit to MSMEs increased on average by 8.5%, mirroring the level of growth during April-June 2015, with credit to micro and small enterprises growing at an even healthier rate.
- MSME exports were affected more adversely by issues relating to GST implementation than demonetisation due to delay in refund of upfront GST and input tax credit affecting cash-driven working capital requirements.

Source: Reserve Bank of India

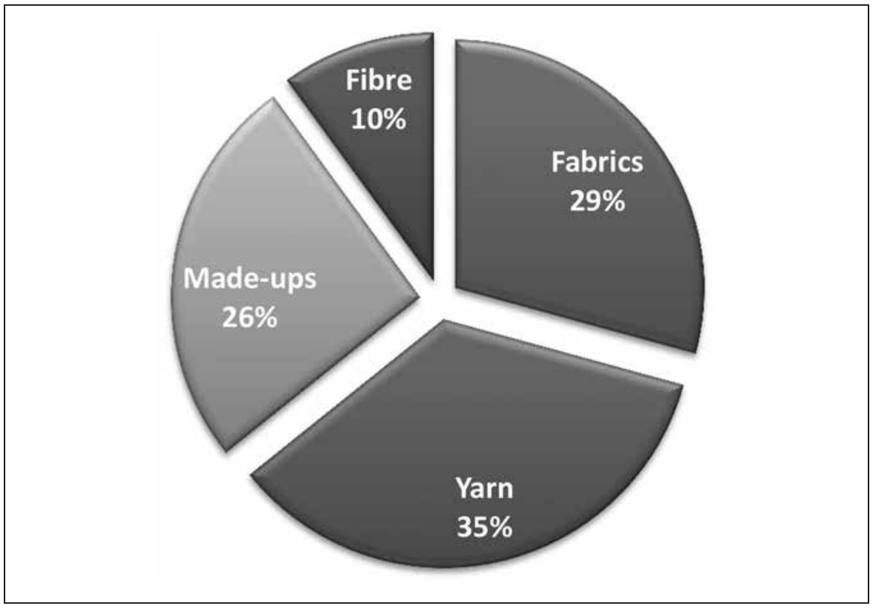
REVIEW OF INDIA'S MMF TEXTILES EXPORTS FROM APRIL TO JULY 2018-19

Exports of Indian MMF textiles during April-July 2018-19 were US$ 2026.04 Million in value terms against US$ 1968.69 Million, witnessing a growth of 2.91% as compared to the same period of the previous year (SOURCE: MOC)

Product	Unit	in Quantity (Thousand)		% Grw /decline	In Value USD Mn		% Grw/decline
		Apr-July 2018-19	Apr-July 2017-18		Apr-July 2018-19	Apr-July 2017-18	
Fabrics	Kgs	27174.02	23859.56	13.89	592.73	695.87	-14.82
	Sqm	496770.50	564953.30	-12.07			
Yarn	Kgs.	339669.50	308963	9.94	708.86	583.02	21.58
Made-ups	Kgs.	113022.60	92759.42	21.84	521.41	483.67	7.80
	Nos.	30939.18	37717.67	-17.97			
	Sqm	57.81	45.97	25.76			
Fibre	Kgs.	129481.3	133570.5	-3.06	203.04	206.13	-1.50
Total					2026.04	1968.69	2.91

PRODUCT SHARE

During April-July 2018-19, dominant products in the Indian MMF textiles export basket were Yarn accounting for a share of 35% followed by fabrics 29%, made-ups 26% and fibre 10%.



HIGHLIGHTS

- Overall exports in April-July 2018-19 in value terms were US$ 2026.04 million against US$ 1968.69 million, witnessing a growth around 3% as compared to the same period of the previous year.
- Exports of Indian MMF Fabrics and fibre witnessed 14.82% and 1.50 declines respectively during April-July 2018 as compared to the same period of the previous year
- Exports of yarn dominated with 35% share followed by fabrics 29% and made-ups 26% in the Indian MMF textile exports.
- Share of the value added segments like fabrics and Made-ups have increased around 55% of total exports.
- Other segments witnessed positive growth in exports like yarn 8.25% and made-ups 4.08%.
- In the fabrics segment Synthetic Filament Fabrics (US$ 189.29 Mn) the top exported product in India's MMF textile exports followed by Polyester Filament Fabrics (US$ 121.99 Mn) during April-July 2018-19.
- Viscose Filament Fabrics exports have been excellent with over 100% growth.
- In case of MMF yarn exports, Polyester Filament Yarn was the leading item with exports worth US$ 417.40 Mn followed by Polyester Cotton Yarn (US$ 64.12 Mn), Polyester Spun Yarn (US$ 58.73 Mn).

- In Made-ups, exports of Bulk Containers was the leading item with exports worth US$ 228.89 Mn followed by Shawls/Scarves US$ 39.24 Mn, Motifs and Muffler worth US$ 24.12 Mn and US$ 23.15 Mn respectively.
- Polyester Staple Fibre (US$ 111.30 Mn) was the leading item in the MMF category followed by Viscose Staple Fibre (US$ 62.60 Mn).
- USA was the leading market for Indian MMF textiles during April-July 2018-19 with 10% share in total exports followed by Turkey 9.61% and Bangladesh 6.13%.
- Leading markets with positive growth are Egypt (28.51%), Turkey (13.23%), Brazil (12.52%), Germany (12.37%), and Sri Lanka (4.04%)
- UAE, Bangladesh and USA were the leading markets for Indian MMF Fabrics but UAE and Bangladesh has witnessed a decline of 20.69% and 40.69% respective during April-July 2018-19 as compared to the same period of last year.
- USA was also leading market for Indian MMF Made-ups and fibre during the period.
- Major markets for Indian MMF yarn were Turkey and Brazil.
- Made-ups exports to Pakistan showed an impressive growth rate (130.09%)

PRODUCT-WISE EXPORT PERFORMANCE APRIL-JULY 2018-19

Value in US$ Million

Product Description	Apr-July 2018-19	Apr-July 2017-18	% Grw/Decline
FABRICS (Woven+Non-Woven+Knitted)			
Synthetic Filament	189.29	159.22	18.89
Polyester Filament	121.99	169.78	-28.15
Polyester Viscose	92.62	110.23	-15.98
Polyester Blended	26.79	51.57	-48.05
Synthetic Cotton	14.52	14.44	0.55
Polyester Cotton	13.25	11.72	13.05
Polyester Wool	12.32	13.80	-10.72
Polyester Spun	8.78	13.28	-33.89
Viscose Blended	8.56	19.97	-57.14
Viscose Spun	8.52	54.59	-84.39
Nylon Filament	8.05	7.56	6.48
Viscose Filament	7.70	3.51	119.37
Other Fabrics	74.59	64.15	16.27
Total	592.75	695.87	-14.82
YARN			
Polyester Filament	417.40	339.46	22.96
Polyester Cotton	64.12	49.82	28.70
Polyester Spun	58.73	49.37	18.96
Polyester Viscose	49.07	35.16	39.56
Viscose Spun	26.27	25.06	4.83
Viscose Filament	16.80	18.22	-7.79
Synthetic Spun	14.67	14.22	3.16
Acrylic Spun	14.18	15.96	-11.15
Nylon Filament	8.13	4.42	83.94
Polyester Wool	7.68	7.30	5.21
Artificial Cotton	5.39	1.42	279.58
Acrylic Cotton	4.99	2.86	74.48
Viscose Cotton	3.66	3.58	2.23
Other Yarns	17.77	16.17	9.89
Total	708.86	583.02	21.58
MADE-UPS			
Bulk Containers	228.89	172.95	32.34
Shawls/Scarves	39.24	41.25	-4.87
Motifs	24.12	29.85	-19.20
Muffler	23.15	48.48	-52.25
Fishing Net	19.52	16.47	18.52

Bedsheet	11.97	5.15	132.43
Blanket	9.13	10.50	-13.05
Rope	8.42	7.75	8.65
Sacks and Bags	7.47	3.72	100.81
Bed Linen	5.90	7.40	-20.27
Furnishing Articles	5.04	4.15	21.45
Other Made-ups	138.56	136.00	1.88
Total	521.41	483.67	7.80
FIBRE			
Polyester Staple	111.30	78.07	42.56
Viscose Staple	62.60	108.98	-42.56
Acrylic Staple	20.40	11.46	78.01
Other Fibre	8.74	7.62	14.70
Total	203.04	206.13	-1.50

*Flexible Intermediate Bulk Container (HS Code 63053200)/big bag/bulk bag or Super Sack is a standardized container in large dimensions for storing and transporting dry, flow able products, for example sand, fertilizers , and granules of M, plastics, most often made of thick woven polyethylene or polypropylene, either coated or uncoated. **Other Made-ups include Tents, Sails, Rags, Embroidery (without visible ground) & Accessories.

Synthetic Filament: HS Codes 54077200, 54072090, 56031200, 54077400, 54079400, 54079200

LEADING MARKETS

Value in USD Mn

Markets	Apr-July 2018-19	Apr-July 2017-18	Net Change	%Grw/ Decline
USA	203.48	209.16	-5.68	-2.72
TURKEY	194.89	172.12	22.77	13.23
BANGLADESH	124.35	145.10	-20.75	-14.30
BRAZIL	117.20	104.16	13.04	12.52
UAE	109.97	142.75	-32.78	-22.96
GERMANY	57.25	50.95	6.30	12.37
EGYPT	54.04	42.05	11.99	28.51
SRI LANKA	53.56	51.48	2.08	4.04
UK	53.34	53.46	-0.12	-0.22
ITALY	51.94	52.23	-0.29	-0.56
PAKISTAN	34.14	44.42	-10.28	-23.14
SAUDI ARABIA	26.62	30.15	-3.53	-11.71

MAJOR MARKETS FOR MMF FABRICS

Value in USD Mn

Markets	Apr-July 2018-19	Apr-July 2017-18	Net Change	%Grw/ Decline
UAE	62.37	78.64	-16.27	-20.69
BANGLADESH	59.08	99.62	-40.54	-40.69
USA	53.13	54.08	-0.95	-1.76
SRI LANKA	44.11	40.64	3.47	8.54
UK	22.35	19.72	2.63	13.34
EGYPT	13.63	7.92	5.71	72.10
SAUDI ARABIA	12.74	14.97	-2.23	-14.90
PAKISTAN	10.02	26.08	-16.06	-61.58
ITALY	8.68	7.20	1.48	20.56
GERMANY	4.58	4.57	0.01	0.22
TURKEY	3.05	4.51	-1.46	-32.37
BRAZIL	2.26	2.06	0.20	9.71

MAJOR MARKETS FOR MMF YARN

Value in USD Mn

Markets	Apr-July 2018-19	Apr-July 2017-18	Net Change	%Grw/ Decline
TURKEY	174.32	141.43	32.89	23.26
BRAZIL	107.36	96.63	10.73	11.10
BANGLADESH	43.69	26.41	17.28	65.43
EGYPT	34.95	27.95	7.00	25.04
USA	25.06	22.29	2.77	12.43
PAKISTAN	14.25	8.91	5.34	59.93
GERMANY	9.66	7.88	1.78	22.59
ITALY	8.55	9	-0.45	-5.00
SRI LANKA	6.9	6.66	0.24	3.60
UAE	5.27	8.21	-2.94	-35.81
UK	4.35	3.86	0.49	12.69
SAUDI ARABIA	2.15	3.17	-1.02	-32.18

MAJOR MARKETS FOR MMF MADE-UPS

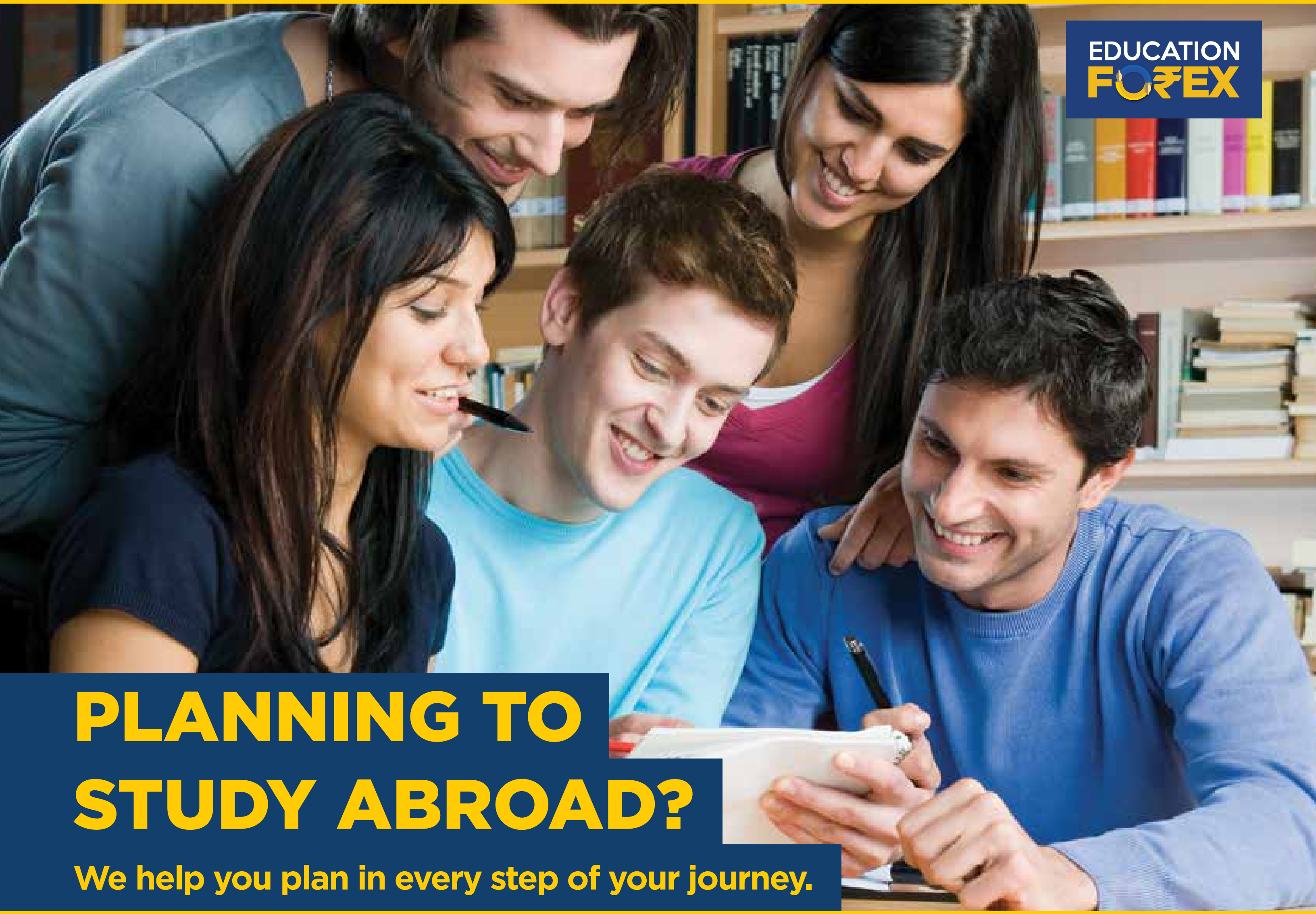
Value in USD Mn

Markets	Apr-July 2018-19	Apr-July 2017-18	Net Change	%Grw/ Decline
USA	96.81	99.96	-3.15	-3.15
UAE	41.45	55.62	-14.17	-25.48
GERMANY	37.65	31.45	6.2	19.71
ITALY	30.66	29.14	1.52	5.22
UK	25.93	29.01	-3.08	-10.62
SAUDI ARABIA	11.23	11.79	-0.56	-4.75
PAKISTAN	8.03	3.49	4.54	130.09
BANGLADESH	6.53	4.51	2.02	44.79
TURKEY	2.81	2.74	0.07	2.55
SRI LANKA	2.49	4.18	-1.69	-40.43
BRAZIL	1.47	1.67	-0.2	-11.98
EGYPT	1.36	1.48	-0.12	-8.11

MAJOR MARKETS FOR MMF FIBRE

Value in USD Mn

Markets	Apr-July 2018-19	Apr-July 2017-18	Net Change	%Grw/ Decline
USA	28.48	32.83	-4.35	-13.25
BANGLADESH	15.05	14.56	0.49	3.37
TURKEY	14.71	23.44	-8.73	-37.24
BRAZIL	6.11	3.80	2.31	60.79
GERMANY	5.36	7.05	-1.69	-23.97
EGYPT	4.10	4.70	-0.60	-12.77
ITALY	4.05	6.89	-2.84	-41.22
PAKISTAN	1.84	5.94	-4.10	-69.02
UAE	0.88	0.28	0.60	214.29
UK	0.71	0.87	-0.16	-18.39
SAUDI ARABIA	0.50	0.22	0.28	127.27
SRI LANKA	0.06	0.00	0.06	0.00



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• Foreign Exchange •

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SRTEPC'S Services to Indian Exporters

- Introduces Exporters to appropriate Overseas Buyers
- Provides up-to-date information and identifies potential markets for them
- Organises Export Promotion Programmes like Trade Fairs/Exhibitions, Buyer-Seller Meets in various overseas markets.
- Organising Reverse Buyer Seller Meets every year by which the overseas buyers are brought to India to discuss business with members
- Provides Grant for Market Access Initiative subsidy towards airfare for participation in promotional programmes like Exhibition/Fairs abroad (Member of the Council for the last year one year is a must)
- Conducts Workshops, Seminars to keep exporters abreast of latest development in policy/procedural matters, international trends, marketing strategies, government schemes, etc.
- Assist the exporters on Import-Export Policy and Procedures
- Resolve their problems about shipping and transport
- Maintain liaison with the Government authorities to convey the requirements of the industry and trade and help to bring about appropriate policy changes.
- Facilitates free display of samples at Council's Trade Centre in Mumbai and Surat frequented by overseas buyers and Trade Delegations
- Resolves problems of members connected with DGFT, Customs/Central Excise, GST, ROSL, Duty Drawback, Banking, ECGC, etc.
- Provides information on the trends for product development and adaptation to suit the overseas market requirements
- Issues export turnover certificates and certificate of origin.
- Visa facilitation to visit specified markets to discuss business with their target customers.
- Publication of Newsletter and regular circulars/letters to keep them aware of the activities of the Council and trade information.
- Collection and dissemination of Industry / Trade statistics to help members make their export strategy for export.
- Dissemination of information on foreign markets/emerging trends and trade enquiries
- Make them aware about different Anti Dumping duties as applicable in respective markets. From time to time also inform them about Sunset Reviews and give them timely information on questionnaire to be filled in, etc.
- Forex updates on WhatsApp.

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