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1. GST to boost textile exports, says industry body

Textile industry in the region welcomed the passage of GST bill by Rajya Sabha, terming it as one of the biggest and transformational reforms in the economic history of the country and said it would pave the way for growth of exports. Thanking Prime Minister and the finance minister for this historic reform, Indian Texpreneurs Federation (ITF), an apex body of textile sector, expressed confidence about the positive impacts of GST on overall economic growth in the next few years and said it would make the manufacturing sector more competitive. As far as the textile sector, being an essential item for the common man, textile items should be kept under GST with the minimum possible tax slab with the special rates, ITF Secretary Prabhu Dhamodharan said in his statement. It was an opportunity for the government to bring the entire textile sector under tax net and this move will bring more transparency in the system and will trigger growth.Tirupur Exporters' Association President A Shaktivel said GST would give a push for export of garments and described it as a "game changing" reforms. In a letter to Prime Minister Narendra Modi, he said exporters were happy to note that consensus had been built to pass the much-awaited GST Bill. The industries and the people will get benefit out of the introduction of GST in the system, he said and requested the Finance Minister to address any issues arise in exports further to implementation of GST system.

(Source: Business Standard)

2. Measures to support Spinning Mills

The recent spurt in cotton prices has resulted in higher input costs for the spinning sector in the country leading to some financial stress. Accordingly, Ministry of Textiles has decided and directed Cotton Corporation of India (CCI) to sell its existing stock purchased under Minimum Support Price (MSP) to Spinning Mills in the Micro, Small & Medium Enterprises (MSME) category only. CCI has commenced the e-auction sale of its balance unsold stock with effect from 2.8.2016 to the Small Scale Industries (SSI) units registered with the office of Textile Commissioner and the Government Co-operative mills which are fully dependent on them for their cotton requirements. The financial assistance provided to Textile units under Technology Upgradation Fund Scheme (TUFS) by way of Interest Reimbursement/Capital Subsidy is marginal as compared to the loan amount received by them from Banks. Under Modified Technology Upgradation Fund Scheme (M-TUFS), subsidy has been released upto the quarter ending March, 2016. Under Revised Technology Upgradation Fund Scheme (R-TUFS) and Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) subsidy has been released upto the quarter ending December, 2015. In order to ease the situation, CCI has started to sell its stock to SSI spinning mills.This information was given by the Minister of State for Textiles, Shri Ajay Tamta today in a written reply to a Lok Sabha question

(Source: Press Information Bureau, Govt. of India)

3. Chinese company to invest in Uttarakhand textile park

A Chinese company has shown interest and is considering investing Rs 600 crore in the textile park at Sitarganj in Udham Singh Nagar district of Uttarakhand. The Chinese company will invest in 35 acres in the 135 acre Sitarganj textile park, which has advantages like surplus ground table water and proximity of the region to Nepal and China, according to a Times of India report. Udham Singh Nagar's border with Uttar Pradesh and good transportation facility to other parts of India are other advantages in investing in Sitarganj textile park.If the Chinese company goes ahead with its investment proposal, it will be the first company from China to invest under 100 per cent foreign direct investment (FDI) norms. For entrepreneurs setting up their industries, the Uttarakhand government offers benefits like rebate in electricity bill, exemption from electricity tax, and 50 per cent rebate in land tax for setting up textile industry. (RKS)

(Source: Fibre 2 Fashion)

4. Excise duty impact: Garment retailers shift to 'fixed price' regime from MRP

Four months after the government levied excise duty on garments worth over Rs 1,000, manufacturers in India have started gradually shifting from the maximum retail price regime (MRP) to fixed price regime. Union Finance Minister Arun Jaitley, while announcing the Union Budget 2016-17, announced a 2% levy of excise duty on garments and made ups with retail price of over Rs 1,000. This means, excise duty was levied on garments based on its MRP, irrespective of the actual realisation for the retailer. In case the retailers offer seasonal discounts, being the usual practice to exhaust old stocks to make room for the new ones, they are required to pay excise duty on the portion of discount as well. For example, a branded shirt with an MRP tag of Rs 1,400 is sold with a 50% discount. Then, the actual realisation for the retailer works out to Rs 700. If the retailer sells the same shirt at “fixed cost” basis at Rs 700, there will be no change in the retailer’s realisation. While the shirt will come under excise net if it is sold with MRP tag, it won’t attract the duty if it is sold with “fixed price” tag. “It makes business sense to shift to ‘fixed price’ tag with actual realisation rather than tagging with MRP and offer heavy discounts thereafter. Such a shift will not only prevent us from calculating excise levy payment but also lower duty payment burden,” said Vijay Agarwal, managing director, Creative Garments and former chairman of Apparel Export Promotion Council (AEPC). However, excise duty will be applicable only for those manufacturers who do not claim input tax credit (ITC), popularly known as central value added tax (Cenvat), paid on various raw materials. Manufacturers who claim ITC, however, will need to pay 12.5% excise duty. Until now, excise duty was “nil” on manufactures without ITC claim and 6-12.5% for those who claimed ITC. “Excise duty on garments is levied for years. In the last Union Budget, however, it was capped on a branded garment with a price tag of Rs 1,000. So, retailers are changing their business tactics,” said R K Dalmia, Chairman, The Cotton Textiles Export Promotion Council (Texprocil) and Senior President, Century Textiles and Industries.

(Source: Business Standard)

5. Air India mulling belly cargo service from Surat

SURAT: Air India, the lone operator in the Diamond City, is planning to start belly cargo service on passenger flights to Mumbai and Delhi from Surat. The AI will use spare volume in the aeroplane's baggage hold ('belly') that is not being used for passenger luggage. The decision was taken after AI authorities were convinced with a presentation by team members of 'We Want Working Airport at Surat (WWWAS)' over the potential of cargo services from Surat during their visit to New Delhi recently. A team from AI's cargo division had visited the city in February 2016 and met various associations including textile, diamonds and WWWAS members for their views on air cargo potential. Sources said senior officials from AI's cargo division were very impressed with the huge cargo potential in south Gujarat. The members from the trade and commerce, including the WWWAS, made a detailed presentation on air cargo potential from Surat airport.

(*Source: The Times of India*)