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TEXTILE TIMES

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TEXTILE TRADE SCENARIO POST GST

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Chairman's Word

It's heartening to know that India has become the world's sixth-largest economy, pushing France into seventh place, according to the latest World Bank data for 2017. Global trade architecture is rapidly changing as major economies have put up protectionist barriers. Believe it or not, 'trade war' has become a common term this year.

Indian government and the textile industry have already started feeling the heat of the situation as the United States continues to remain the largest market for its textiles and apparel. The dialogue of FTA with EU also seems to be in jeopardy and would hardly fetch any result now. It would be beneficial both for the government and entrepreneurs to make every possible effort to widen India's export market, reduce dependence on the United States and explore new areas where it has not embarked upon for selling their products.

However, all that is not so gloomy as Indian textiles has posted a significant growth in June 2018, but the apparel sector in particular is a cause of worry for the textile sector. Hit hard by rising cotton prices coupled with issues such as GST, reduction in duty drawback rates and remission of state levies, the readymade garment exports (RMG) in the first three months of current fiscal (April to June) have declined by 16.57% to Rs 27,103 crore as compared to Rs 31,594 crore in the same period of last fiscal year.

Addressing the issue of rising imports by increasing import duty on certain textile and apparel products from 10 to 20 % is a very positive and affirmative move by the Government and has given a major relief to the garment and carpet manufacturers as they were going through tremendous pressure post GST. However, the problems of the industry are not yet over. There is a big issue of imports from Bangladesh where there is full exemption of Basic Customs Duty and thus, makes it a gateway for Chinese fabric entering into India duty free. This is because no rules of origin, yarn forward and fabric forward rules are in place for duty free imports from Bangladesh and Sri Lanka with whom we have free trade agreements.

Ever since the launch of MCX Cotton futures, the cotton industry has immensely benefited from this hedging tool that provides protection against price uncertainty and a robust delivery platform. This adds to sustainability of businesses especially SMEs which play a major role in textile sector, which is one of the largest contributing sectors in the economy of the country. CITI has also requested to the Government to support industry to have a global cotton contract in place to protect Indian players from the price fluctuations that result into losses due to fluctuation in cotton prices in international markets.

Meanwhile, CITI hails Government for amicably resolving transport strike as it has affected the industry as a whole. Also, the 28th GST Council meeting has brought some cheers to the textile industry. A slew of measures in making the GST system more robust and hassle-free will have a major effect on the Indian economy and will strengthen domestic as well as export sector. The decision of refund of accumulated credit on account of inverted duty structure to fabric manufacturers in particular was the need of the hour as fabric sector is already facing a lot of difficulties due to GST and while competing with its counterparts in international market. However, the notification towards the above decision is a conditional notification wherein it has been provided that "refund would be permissible provided the accumulated input tax credit lying unutilized in balance, after payment of tax for and up to the month of July 2018, on the inward supplies received up to the 31stday of July 2018, lapsed". This will lead to huge losses and adversely impact the textile industry. As for the overall growth of the textile sector, fabric plays an important role and it also generates a sizeable employment opportunities – around 30-50 jobs on 1 crore investment - which is more than any other segment of the textile value chain. CITI has sent representation to Hon'ble Finance Minister to relook into the same and kindly consider adjusting it against GST liabilities.

Besides, CITI has made a few more representations to the Government on rising textile imports, falling apparel exports, early resolution of committed liabilities under various TUF schemes, simplification of A-TUFS norms, etc. I do hope, I would be able to give the readers and the textile industry some good news in this regard.

Yes, I would be failing in my duties if I don't mention a few words about "InnoTex" an innovation contest that CITI is organising for the first time on textiles. In brief, the contest will invite applications on innovative ideas/concept that has been devised for best design, method, process & product in any area from Ginning to Garment. An advertisement is there in the magazine giving all the details of the event. I request your kind support and participation in making it a grand success. This is part of our Diamond Jubilee Celebrations, for which we are also organising a CITI Global Textiles Conclave during November 27-28, 2018.

Sanjay K. Jain

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COVER STORY

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MONTHLY UPDATE

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The Goods and Services Tax (GST) which is considered as the biggest economic reform in India, completed one year of implementation on 1st July 2018. I congratulate Hon'ble Prime Minister, Hon'ble Union Minister of Finance and all the concerned policy makers and tax administrators including GST Council for its successful implementation. GST is aimed to abolish multiple taxes, including Central taxes such as excise duty, services tax, countervailing duty and state taxes - including value added tax, octroi and purchase tax and unite the country under a "one nation, one tax" rubric. The GST was implemented to bring uniformity in tax structure, transform the way the business is done and transfer finished goods and stocks from one State to another State in a hassle-free manner.

This was a historic movement for Indian textile industry as a large chunk of the industry works under the unorganised sector and was not under the ambit of proper tax structure. Textile manufacturing and trade of the country is still under stress for reasons related to the ongoing transition in the domestic economic environment. While the first year of GST implementation was challenging for the textile sector, the willingness and ability of the policy makers and tax administrators to rise up to these challenges was encouraging and welcoming. I take this opportunity to thank Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani for her kind support to the textile and clothing industry in addressing industry's plea and resolving many GST issues.

With the implementation of GST, textile sector which had largely remained tax exempted in the earlier tax regime has been subjected to tax, although at a lower rate. Under the GST regime, textile commodities fall under the 0% to 18% tax bracket. At fibre level, silk attracts GST of 0%, cotton attracts a GST of 5% while for MMF, the GST is 18%. GST for MMF yarn is 12% and other yarn is 5% and GST for fabric is 5%. For garments below Rs.1000/piece, which is generally considered as economy class products, the rate of GST is 5% which is 12% in case of garments value exceed of Rs.1000/unit.

Thus, the major inputs required for MMF textile products such as MMF Fibre and Yarn attracts GST @ 18% and 12 % respectively, whereas output is attracting GST @ 5% at the fabric stage. This has resulted into inverted duty structure (wherein rate on inputs is being higher than the output supplies) and severe blockage of working capital. Hence, GST council in its 28th meeting on July 21, 2018 recommended for refund of accumulated Input Tax Credit (ITC) at Fabric stage which is a big relief to the MMF textile sector. However, the recent Notification issued by the Government allowing refund of accumulated credit for textile products is a conditional notification wherein it is indicated that "the refund shall apply to the input tax credit accumulated on supplied received on or after the 1st day of August, 2018, and the accumulated input tax credit lying unutilized in balance, after payment of tax for and up to the month of July 2018, on the inwards supplies received up to 31st day of July, 2018, shall lapse". This has sent shock waves across the industry as it will lead to huge losses. The industry feels the same could have been adjusted against GST liabilities.

The textile industry has been badly affected post GST, which is visible from the continuous rise in textile and clothing imports and decline in apparel exports. It is noteworthy that the imports of all the value-added products, viz., Yarn, Fabric, Garments, Made-ups and Home Textiles have grown significantly. This is creating a big issue for the domestic manufacturers as post GST, the effective import duties have come down steeply, thus, making imports cheaper for the domestic industry by 15-20%.

The Government has taken various initiatives and addressing many issues concerning textile and clothing industry. However, there are still some pending issues which needs early resolution. CITI has been representing to the Government on all the major issues concerning Textile and Clothing Industry. Nevertheless, there is a need to reduce GST rates on man-made fibre as it is a long pending industry demand and would further ease out pressure on the MMF sector. Apart from that, setting-off IGST paid on import for utilization of MEIS Licenses may be allowed.

We are hopeful that the Government of India and GST Council in particular will address the pending issues and enable the textile industry to bounce back to a higher growth trajectory.

Dr S Sunanda
Secretary General - CITI

THE GST EXPERIENCE

ARUN JAITLEY

It has been one year since the country's switchover to a new indirect taxation system - the Good and Services Tax. One single tax replaced seventeen taxes and multiple cesses imposed by the Central and the State Governments. This had obviously necessitated every assesse to file multiple returns, have an interface with multiple inspectors and assessing authorities, suffer the cascading effect of having to pay tax even on the tax component already paid, having to pay tax separately in every State when movement of goods took place, to suffer the inordinate delays of multiple checkpoints and obstacles, and being fed up with the taxation system devises measures on how to bypass the tax system. The very foundational idea of the Goods and Services Tax was not original. It had been experimented in several countries of the world. The Indian model had to be devised keeping several facts in mind. An indirect tax, unlike a direct tax, is regressive. In a country where diverse sections of population with different paying capacities, everybody pays the same rate of tax, the rate cannot be different for the wealthy and the not so wealthy as in the case of a direct tax. But in the selection of the commodities which are tax-free or less taxed, a differential could be made in a society like India. Secondly, India had multiple markets, each constituting a different market which needed to be consolidated. Thirdly, the essence of Indian federalism had to be respected. India is a Union of States where both the Union and the States have to be fiscally strong. A weak Union is detrimental to both national sovereignty and growth and weak States won't be able to deliver development. India is not a confederation of States and, therefore, strengthening of State revenues cannot be at the cost of Central revenues. If the Union does not survive, what will happen to India i.e. 'Bharat' – the Union of States?

The Flawed UPA Model of GST

My friends in the UPA and the Congress Party occasionally raise questions as to why some Chief Ministers were not comfortable with the idea of GST during the UPA period. The fact is that almost everyone wanted the GST but not a single State was comfortable with the UPA's model of GST. There were two prime reasons for this.

Firstly, the UPA Government lost the confidence of the States, including the Congress ruled States. In a move towards the single tax system, the UPA asked the States to abolish the CST. It promised the States that it would give them a compensation in lieu of the CST for a certain number of years. The States acted accordingly, abolished the CST and the Central Government owed the States several thousand crores as CST compensation. When the States demanded CST compensation, the Centre would look the other way. When I took over as the Finance Minister in May 2014, all the States, including the BJP ruled States, told me that they don't trust the Central Government because of what the UPA Government had done. They will discuss GST only if past CST compensation is paid. I conceded that the UPA let down of the States was unacceptable and in order to bridge the trust, despite pressures on the Central revenue, I will clear the arrears of the Central CST. I, accordingly, did that. The CST compensation was paid. The States were then willing to come to the table and move further on the GST.

The second reason why the UPA failed in its effort to bring the GST was that every State was apprehensive that during the transition period there would be a loss of revenue to the States. How would the States be compensated for the loss of revenue? Their demand

seemed logical but UPA chose not to address it. The Constitution amendment proposed by the UPA had no provision for compensating the loosing State. Manufacturing States like Tamil Nadu, Gujarat, Maharashtra and Karnataka were particularly apprehensive. They had raised a flag "No Compensation No GST". Having brought them to the negotiating table on the strength of the CST payment Iagreed to pay to the States, after discussing in the GST Council, a 14% increase of revenue for the first five years for any loss of revenue. The States jumped for this proposal and we succeeded in winning trust of the States back for the GST enactment. Our positive commitment to the federal principles was unambiguously established.

The Petroleum Products Issue

Both Rahul Gandhi and P. Chidambaram have repeatedly demanded that petroleum products be forthwith brought within the GST. When I speak to the Congress Finance Ministers' in the States, they don't seem to be ready for it. But what was the UPA's own track record on petroleum products in the GST? The Constitution amendment proposed by the UPA permanently kept all petroleum products outside the GST. Thus till such time that the Constitution was ever amended again (it is normally difficult to amend the Constitution), petroleum products would never be in the GST as per UPA. Having won over the trust of the States, I used the inclusion of petroleum products as a bargaining issue with the States while conceding the CST and compensation payment to the States. I worked out a formulae that petroleum products would be included in the Constitution amendment providing for the GST but the council can decide the date from which to bring them into GST. The States agreed. The UPA kept petroleum products permanently outside GST. On the contrary, we brought them back into the Constitution as levyable to GST and can gradually impose the GST when the GST Council so decides. For this I would continue to make my earnest efforts and hopefully when the States are more comfortable with the revenue position, it would be an ideal time to strike for a consensus between them.

The Experience After One Year

When the GST was to be launched on the 1st of July, 2017, we were being advised by the Congress to postpone it. A reluctant Government can never take reformist decisions. We went ahead. At the initial stage, we fixed the first set of rates. A large number of requests started coming from trades, industry and, therefore, we started rationalising the rates.

The initial few meetings of the GST Council started reducing the rates wherever it was desirable. If we look at the entire basket of goods and services, the rates today taken collectively are far lesser than under the previous taxation system. With the cascading effect of tax on tax going away, the liability in any case came down.

To develop a consensus, we passed the Constitution amendment enabling the GST unanimously. All legislations enabling the GST were passed unanimously. The rules were put before the GST Council. The have been approved unanimously. We have held 27 meetings of the GST Council so far where every decision has been taken by consensus and unanimity. All the rates are fixed through consensus on the recommendation of the Rates Committee. Whenever there are contrarian views in the Council, a representative Group of Ministers of the State is constituted to work out a via media and we try to evolve consensus one way or the other. I do realise that the delicate federal balance in India has to be maintained. The GST Council is India's first experience at cooperative federalism based decision-making authority. We cannot afford to risk a failure and, therefore, it is functioning as to arouse confidence amongst all States. The meetings have always been consensus based. The only area where unanimity seems to be lacking is the television bites that some Ministers' give after the meeting, which may be necessary for their own political positon. I am willing to live with the experience of a healthy debate and unanimity within the Council and a show of dissent outside the Council meetings.

We have had amongst the smoothest switchovers in one of the largest tax reforms in the country. All the checkposts disappeared overnight. The system of input tax credit ensures that disclosures are made. The GST has encouraged enormous voluntary tax registration. Detailed calculations done in this year's Economic Survey show that as of December 2017, about 1.7 million registrants were those who fell below the GST threshold but nevertheless chose to be part of the GST. Similarly, more than 50 percent of those who could have chosen to opt for the simpler composition scheme chose to register under the regular GST scheme.

To ensure further compliance, the e-Way Bill has been put in place. Once the invoice matching starts, evasion would become extremely difficult. The assessee's life has become easier. He files his returns online and his interface with multiple authorities is gone. The return filing process is also being simplified. The Group of Ministers' has already worked out that mechanism. The overall weighable of the tax basket has come down. As the tax base increases, our capacity to rationalise taxes and slabs will increase further.

The very small businesses have been protected. Those with turnover of less than Rs.20 lakhs don't pay GST. Those with a turnover upto Rs.1 crore can compound their GST with a payment of 1% tax on the turnover, and file a quarterly return.

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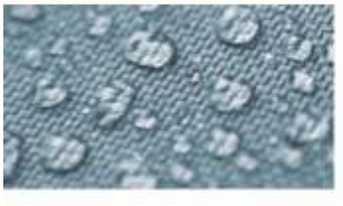

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A Single Slab

Rahul Gandhi has been advocating a single slab GST for India. It is a flawed idea. A single slab GST can function only in those countries where the entire population has a similar and a higher level of paying capacity. Being fascinated by the Singapore model is understandable but the population profile of a state like Singapore and India is very different. Singapore can charge 7% GST on food and 7% on luxury goods. Will that model work for India? Since GST is a regressive tax, the poor have to be given a substantial relief. Thus most food items – agricultural products and the AamAadmi used products have to be tax exempt. Some others have to be taxed at a nominal rate. The others could be taxed higher. Eventually, as the collections improve, many more items from the 28% category can possibly come down. Only sin products and luxury goods can remain there. There would also be a scope again, depending on the collection going up, to merge some of the mid category slabs but for that we have to see the progress of the new tax regime and the possible upward movement in the collections.

The Tax Effect

The impact of the GST on the direct tax is already visible. Those who have to disclose business turnover are now having to disclose their income for the purposes of the income tax. The direct tax collection have, therefore, picked up as per the initial indications. When we look at the GST performance in the first nine months from July, 2017 to March, 2018, and add the entire amount collected - the CGST, SGST, IGST and the composition cess, we will get the sum total of the GST collection. In the very first nine months, the total amount collected is Rs.8.2 lakh crore–Rs.11 lakh crores if annualised, yielding a revenue growth of 11.9% i.e. a tax buoyancy of 1.22, which has historically been achieved very rarely for indirect taxes and espite rates being lowered for consumers. As more and more anti-evasion steps will be put in place, the tax buoyancy will increase further. The GST will strengthen the country's tax base for the medium term, adding up to an additional 1.5 percentage points of GDP.

Today the States are getting a 14% increase on the tax base of 2015-16 with the help of the compensation cess. Eventually, when the blocked IGST is gradually released to the Centre and the States, even without the compensation cess, most States would cross the 14% growth target. It may also be borne in mind that even today the compensation requirement are minimal and the current level of compensation cess about Rs.7000 crores monthly is more than adequate to ensure that the States are compensated for any loss of revenue. Significantly, the GST is expanding the tax base of the less developed consuming states which will provide more resources for them to devote for development purposes.

The indirect tax base is expanding. There is a seamless flow of goods and services across the country. The 'Doing of Business' has become simpler. The switchover has taken place without any major disruption. The IT system after initial teething trouble is functioning much better. For all of this, I want to express my heartfelt thanks to and appreciation for the efforts of the Revenue Secretary Shri HasmukhAdhia, all the officers of the CBIC and revenue and tax departments of the Center and all the states, officials of GSTN, and the Chief Economic Adviser, Arvind Subramanian.

There is always scope for improvement. Key areas of future action will include further simplifying and rationalizing the rate structure and bringing more products into the GST. I am confident that once revenue stabilizes and the GST settles, the GST Council will look into these carefully and act judiciously.

The biggest success of the GST has been that the GST Council has proved to be an extremely effective and powerful decision making federal institution. The Finance Ministers' of the States have created history in the matter of federal governance. It has indeed been my privilege to have got the cooperation of each one of them. Thank you, Finance Ministers for having collectively made the GST a historic transformation and an experience worth it for the country.

TEXTILE TRADE SCENARIO POST GST AND CITI'S SUGGESTIONS

Mr Sanjay Jain
Chairman, CITI

July 1, 2018 marks one year completion of India's biggest economic reform, the launch and implementation of the Goods & Services Tax (GST). I would like to congratulate Hon'ble Prime Minister, Hon'ble Minister of Finance and all the concerned policy makers and tax administrators including GST Council for successful implementation of the tax reform. I would also like to express my gratitude to Hon'ble Minister of Textiles for her continuous support for the textile sector and resolving many GST issues.

Before implementation of GST, the incidence of indirect taxes has been significant in the country due to existence of multiple taxes such as Excise Duty, Service Tax, Counter Veiling Duty (CVD), Special Additional Duty of Customs (SAD), central charges and cesses and local state taxes, i.e., Value Added Tax (VAT), Central Sales Tax (CST), Octroi, Entry Tax, Purchase Tax, Luxury Tax, state cesses and surcharges and Entertainment tax (other than the tax levied by the local bodies). Along with this, the exemption from indirect taxes based on location and under various schemes by the State and Central Government further complicated the tax regime and led to the fragmentation of the industry to take the advantage of tax benefits. The high incidence of taxes resulted in accumulation of cenvat at subsequent stage, which remained unadjusted. All these anomalies are addressed by implementation of GST. This is a major step towards enhancing ease of doing business.

With the prelude of this "one nation one tax" regime, the country's business landscape saw a widespread makeover. While the first year for textile sector has been challenging but the fact that some of the complex ones have been resolved gives confidence that even these will be sorted out.

GST is a destination based tax structure and it is levied only at the consumption point. Under this structure, a merchant has to pay tax only on the value addition of its product and allows manufacturers and retailers to reclaim input tax credit paid during the purchase of raw material thus setting off the indirect tax. This feature eliminates the cascading effect of taxes which used to trickle down to the end consumers.

GST Structure across the Indian Textile Value Chain

Under the new GST regime, textile commodities fall under the 0% to 18% tax cloud. The below given table illustrates the change in the tax structure at different segments in the textile industry

Table 1: GST levied on Textiles and Apparel

Particulars	Rate
Fibre	
Silk and jute	0%
Cotton	5%
Manmade fiber	18%
Yarn	
MMF yarn	12%
Others	5%
Fabric	5%
Apparel & Made-ups	
Priced below Rs.1000	5%
Priced above Rs.1000	12%

Impact of GST on Trade of Textiles & Apparel

The textiles and clothing industry has been affected post GST which is quite visible from the continuously rising imports of textile and apparel commodities and declining exports of our apparel products.

Exports Scenario post-GST

The exports of textiles and apparel products was valued at US$ 33,461 mn. during July 2017 to May 2018, which has declined by 2% over the same period last year. It is noteworthy that the share of apparel in India's overall textile and apparel basket has declined from 48% to 43% in the same period. The exports of apparel has declined by 11% while that of fibre, filament, yarn, fabric and home textiles has increased by 9%, 17%, 14% 1% and 0.5% respectively. :

Table 2: Category-wise Exports post GST (Values in US$ Mn.)

Category	July 16-May 17	July 17-May 18	CAGR
Fiber	2,524 (7%)	2,763 (8%)	9%
Filament	1,020 (3%)	1,196 (4%)	17%
Yarn	3,707 (11%)	4,229 (13%)	14%
Fabric	4,163 (12%)	4,215 (13%)	1%
Apparel	16,354 (48%)	14,501 (43%)	-11%
Home Textiles	4,730 (14%)	4,753 (14%)	0.5%
Others	1,614 (5%)	1,804 (5%)	12%
Total	34,112	33,461	-2%

Imports Scenario post-GST

The imports of T&A has increased from US$ 5,794 mn. in July 2016- May 2017 to US$ 6472 mn. in the same period this year, indicating an increase of 12%. %. It is noteworthy that the imports of all the value-added products viz. filament, yarn, fabric, garments and home textiles have grown significantly as indicated in the table below.

Table 3: Category-wise Imports post GST (Values in US$ Mn.)

Category	July 16- May 17	July 17-May 18	CAGR
Fiber	1,875 (33%)	1,694 (26%)	-10%
Filament	513 (9%)	589 (9%)	15%
Yarn	309 (5%)	406 (6%)	32%
Fabric	1,767 (31%)	2,176 (34%)	23%
Apparel	561 (10%)	756 (12%)	35%
Home Textiles	232 (4%)	269 (4%)	16%
Others	507 (9%)	582 (9%)	15%
Total	5,794	6,472	12%

This is creating a big issue for the domestic manufacturers as post GST the effective import duties have come down steeply, thus, making imports cheaper for the domestic industry by 15-20%.

It is pertinent to point out here that Pre-GST, import of textile products were attracting Basic Customs Duty (BCD) plus Countervailing Duty (CVD) and Special Additional Duty (SAD). However, post-GST, CVD and SAD were withdrawn and IGST was introduced. Unlike CVD and SAD, IGST is fully adjustable against GST liability on sale of the imported products. This change in import duties of textile products has adversely affected the entire textile value chain on the one hand by forcing garment producers to source their fabrics' requirements from the neighbouring competing countries like China, Indonesia, Thailand, etc. and on the other hand by making our domestic fabric producers uncompetitive in the international markets.

I am thankful to the Government for addressing the issue of rising imports of textile and apparel products by imposing import duty of 20% on various commodities, majorly apparel. This will definitely prevent apparel imports from China, which is the largest supplier of apparel to India. However, a big issue of imports from Bangladesh where there is full exemption of Basic Customs Duty and hence it is a gateway for Chinese fabric entering India duty free. This is because no rules of origin are in place for duty free imports from Bangladesh. Moreover there are many HS Codes left out through which imports still continue.

GST Reforms by the Government

Confederation of Indian Textile Industry (CITI) being the apex industry chamber of the textile and clothing sector of India has been consistently representing to the Government on major issues concerning Textile and Apparel Sector. The Government has been responsive in dealing with the issues.

The reduction of GST rates for Man-Made Fibre Yarns and its products, from 18 percent to 12 percent by Mr. Arun Jaitley, Chairman, GST Council, met a long pending demand of the textile industry. It is a major step to strengthen the entire textile value chain and make Indian Textile Industry globally more competitive. Also, slashing of GST rate on job work of textile and apparel from 18% to 5% will allow the free flow of business across the textile value chain.

Recently, the GST Council held its 28th Meeting at New Delhi and took a number of decisions that will give a major boost to the textile sector. The decision of refund of accumulated credit on account of inverted duty structure to fabric manufacturers is welcome step by the Government. It was it was the need of the hour as fabric sector is already facing a lot of difficulties while competing with its counterparts in international market. Moreover, the rates cut on Chenille fabrics and

other fabrics under heading 5801 and Handloom dari to 5% from 12% is a big win for the textile manufacturers who were reeling under immense pressure. It would further boost employment in the powerloom sector, as about 40,000 textile workers have lost their jobs in last one year and would prevent further job losses.

Unresolved GST Issues of the Textile and Clothing Sector

CITI shares their gratitude to the government for these reforms, though there are still a number of glitches which the industry is hopeful to find a solution shortly. The pending issues that need to be acknowledged for their early resolution are listed below:

1. Amendment in Notification No. 20/ 2018- Central Tax (Rate) dated July 26, 2018: The Government has recently issued a notification allowing refund of accumulated credit for textile products. However, it is a conditional notification wherein it is provided that refund would be permissible provided that the accumulated input tax lying unutilized in balance, after payment of tax for and upto the month of July 2018, on the inwards supplies received upto the 31st day of the July lapsed. This has sent shivers across the industry, as refund was not allowed earlier, however the same could be adjusted against GST liabilities, this amendment was done to unblock capital and provide liquidity to the industry, however this will lead to huge losses across the industry or refund would remain unrealistic.
2. Reduction of GST on Manmade Fibres from 18% to 12%: Under the pre-GST regime, more than 85% of the manmade filament yarn was procured by paying 12.5% central excise and 5% VAT as such yarn was mostly used in Gujarat and Maharashtra where MMF filament yarns are manufactured for which the GST has been reduced from 18% to 12% to benefit the powerloom and handloom sectors and also reduced the burden of inverted duty. Similarly, Acrylic Fibre was procured by paying 12.5% central excise duty and 5% VAT or 2% CST and is currently attracting 18% GST whereas GST on Acrylic. Yarn has already been reduced to 12% from 18% causing inverted duty structure. It is essential to reduce the GST on manmade fibres from 18% to 12% as it provides more jobs (man-made fibres are used by the spinning sector to produce yarn of special characteristics unlike filament yarn which is directly produced by MMF manufacturers) and fetches higher value addition.
3. Allow setting- off IGST paid on import for utilization of MEIS Licenses: Before implementation of GST, the Basic Customs Duty and other duties paid on imports were allowed to be set off by utilization of MEIS licenses issued under Chapter 3 of Foreign Trade Policy. But now, the IGST is required to be paid in cash and only setting off Basic Customs Duty is allowed. It is, therefore, important that setting off IGST payable on imports by utilization of MEIS licenses issued under Chapter 3 of Foreign Trade Policy be allowed. Similar facility was available in the case of import of trims and accessories imported for use in apparels. Now, exemption from IGST is not available and request GST Council for its early restoration.
4. Non- refund of excess ITC in case of inverted duty structure of input supplies due to error in RFD1 Format: In April 18, 2018 notification for refund under Rule 89(5), the definition of Input was changed to restrict refund of only Input supplies in case of inverted duty structure. Refund of excess ITC for Input services was excluded. In textiles, due to prevalence of job working (knitting, weaving, dyeing, cutting, stitching, packing, embroidery, printing etc.) the services portion becomes huge and hence the industry isn't able to claim full refund of excess ITC on supplies portion also despite inverted duty structure prevailing. This is happened due to the way Refund is calculated in the RFD1 Form. In the RFD 1 Form for refund, it has expressly said to reduce ITC on services from total ITC available for setting off against GST liability against output. Hence, despite the excess ITC being due to inverted duty structure of input supplies, we are not able to claim refund. If no refund is allowed of ITC on services, the same should be allowed to be at least adjusted first against GST liability on output. However, as per RFD, the ITC on input goods/supplies is adjusted first and then what excess remains isn't refunded because it is ITC on services.
5. Error in filing ITC 04 (for job working) and format issues: Error is showing while trying to file return of ITC 04 and no reason is given. In job work, multiple HSN Code items are sent together for job working like fabric, packing materials, etc. Further, receipt against challan of a single job work is many times in 2 or more parts. However, the ITC 04 doesn't allow more than one line entry against each job work challan. Due to this, industry isn't able to file ITC 04.

CITI has been representing to the Government on all the major issues concerning Textile and Clothing Industry and also underlined the fact that the Government has been very receptive while dealing with the issues. The decisions taken by the Government are welcome steps and would help the entire manufacturing and service sectors not only to cover the lost ground but would also empower the Indian economy to unleash its true potential and achieve the target set out for the textile and clothing sector. However, there are still some unresolved issues in the sector which needs to be taken by the government. This industry is optimistic that the government would intervene in the matter and continue to support.

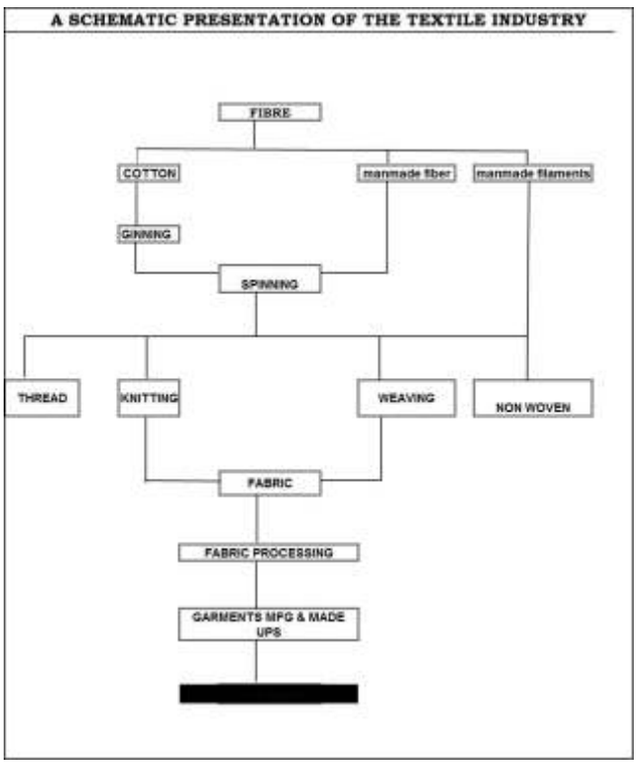
IMPACT OF GST ON INTEGRATION OF TEXTILE AND CLOTHING INDUSTRY

Mr D.L. Sharma
Vice Chairman, CITI

Textile and clothing industry has a special place in Indian economy in terms of its contribution to output, exports and employment creation. Textile industry contributes about 4% of India's GDP, about 10% of exports and the largest industrial employment in the country. The main feature of the industry is its ability to provide employment to the people at the bottom of skill pyramid. Nevertheless, the industry is equally attractive to high skilled engineers, designers and other professionals.

The importance of the industry to the nation further exemplified from the declining employment elasticity of Indian economy's growth. In simple words, despite of economic growth during 1991-2012, matching employment has not been growing in the country. India's Planning Commission had identified textile and clothing industry as such industry which gives hopes on this account.

Textile industry caters to the basic need of human i.e. clothing for wearing and various other usages. India is a large country with a population of 1.3 bn people. With growth in per capita GDP, the clothing consumption will grow in the country creating domestic demand for textile products. Presently, the per capita consumption is about 5 kg against world average of 13.5 kg and China's 16 kg. This shows the potential for growth. Similarly, textile industry is highly export oriented and exports about 30% of its output. A schematic profile of textile industry is given below to show level of interdependence among different sectors and need for integration. India has a share of 5% in world trade in textiles, 3% in world trade in clothing and 4% taken together.



Based on above, it is estimated that Indian textile industry would grow to about USD 250-260 by 2022 against present level of USD 120(2017). However, this growth is not unconditional considering the present situation of different segments of the textile value chain. The competitive situation varies from globally highly competitive spinning to sectors like weaving, knitting, fabric processing where much need to be done in terms of modernization, technology up gradation and scales building. Among other factors, fiscal policies anomalies had also played spoil-shot to slow down the growth of the textile industry in India.

Earlier fiscal policy framework before GST

The textile industry was mired with discrimination based on technology employed, scale of operations and investment made till 2004-05 broadly. A high value added segment of the industry including knitting, garmenting and even processing were reserved for small scale operations. This has led to a fragmented structure of the industry. Government started fiscal reforms in early 2000. Fiscal duty rationalization resulted into a level playing field among different players by removing fiscal discrimination based on size and technology. Various incentives were given like capital subsidy scheme for processing sector, focus market scheme, focus product scheme etc. to help the industry to grow. The government policy of liberalization through reduction in import duty and provision of technology up-gradation fund led to import of modern machine park in the country. Presently, the policy environment is conducive for growth except archaic labour laws.

Impact of GST

The incidence of indirect taxes has been very high in the country due to existence of multiple taxes like CST, State taxes, turnover tax, entry tax, octori and others. Alongwith this, the exemption from indirect taxes based on location and under various schemes by the State and Central Government further complicated the tax regime and led to the fragmentation of the industry to take the advantage of tax benefits. In such situation, firms prefer to relocate their plant/expansion to the tax haven areas rather than increasing scale of production at one place. In long run, this arrangement leads to the fragmentation and adversely affects the competitiveness of the industry.

In this regard, it may be recorded here that the reduction and simplification of the indirect taxes have played a significant role in the manufacturing success of the China, which attracted the 75 per cent of the total FDI in China. As per CII-Mckinsey report (2002), indirect taxes account for about 14 per cent of the retail price in China against 25-30 per cent in India. Further, there is a single VAT of 17 per cent against existence of multiple indirect taxes in India.

The high incidence of taxes at input stage result into accumulation of cenvat at subsequent stage, which remained unadjusted. For instance, 16 per cent excise duty at man made fibre and 8 per cent excise duty at yarn leads to accumulation of cenvat at yarn stage. Similarly, exemption of fabric from VAT would result into breaking of VAT chain for the textile industry. This would force the double taxation at garment manufacturing stage. All these anomalies are addressed by the implementation of GST regime in the country.

The central feature of GST is integration of complete textile value chain in such a way so as to ensure that taxes paid on inputs are set off against the taxes paid on final products thereby taxing the value addition at the each stage of textile value chain. In principal, such an arrangement ensure that there is neither scope for unadjusted taxes nor the tax leakage take place. Simplification of the tax incidence on the entire textile value chain, in this way, can be termed as biggest achievement of the GST. Some of the major benefits of GST on textile industry can be understood from the following:

1. **Integration of the textile value chain**

   In the past, textile sector was divided between unorganized sector and organized sector with most part of the high value addition was in unorganized sector. Imposition of GST has integrated the textile industry.

2. **Improving cost competitiveness**

   As GST is replacing myriad of taxes with one tax, it would help in reduction in cost due to minimization of unadjusted taxes and leads to cost reduction and improved competitiveness. Similarly, input taxes other than custom duty paid on imported material will also be adjusted for payment of taxes on final product.

3. **Trade regularization**

   Implementation of GST is likely to bring transparency and level playing field across the various sectors of the textile value chain, which would help in improving the domestic and export competitiveness of the Indian textile industry against foreign competition.

4. **Improved logistics and transportation**

   With the advent of GST, the time taken in transporting goods and managing logistics are improving. For illustration purpose, the time taken in inland transportation of goods being exported to Bangladesh is reduced by about 20%-25% with removal of various road barriers, check posts, entry/exit points especially at inter-state borders. The reduction in transportation time has led to improvement in customer service through quick delivery, lesser documentations, and ease in taking refunds of taxes paid at earlier stage.

5. **Improved general tax compliance**

   With GST, the tracking of movement of goods as well as related financial transactions will be easier to correlate and collaborate for better tax compliance in the country.

GST structure for textile value chain

The following table shows the GST rates for different textile products. The chart shows that the cotton base products attract lower GST rates whereas MMF based products attracts high rate of GST. For garments below Rs.1000/piece, which is generally considered as economy class products, the rate of GST is 5% which is 12% in case of garments value exceed of Rs.1000/unit.

GST Rate on Textile Items

Product	Existing Rates			GST %
	Central Excise Duty	Custom Duty	VAT/CST	
Cotton	0	Not carded or combed-0 carded or combed-0 carded or combed 30	5/2.	5
Cotton Cone Yarn	0 or 6	10	5/2.	5
Cotton Hank yarn	0 or 6	10		5
Cotton Waste	0	15	5/2.	5
Cotton Fabric	0 or 6	10	0	5 (no refund of input tax credit accumulation)
Cotton Garment/made up without brand name having retail sale price below Rs.1000(per piece)	0 or 6	10	5/2.	5 (Sale value not exceeding Rs.1000 per piece, 12 (sale value exceeding Rs.1000 per piece)
Cotton Cotton Garment/made up with brand name having RSP Rs.1000 and above(per piece)	2 without cenvat credit or 12.5 with cenvat credit	10	5/2.	5 (Sale value not exceeding Rs.1000 per piece, 12 (sale value exceeding Rs.1000 per piece)
Polyester Fibre	12.5	5	5/2.	18
Polyester Yarn	0 or 12.5	5	5/2.	12
Polyester Fabric	0 or 12.5	10	0	5 (no refund of ITC accumulation)
Polyester Garment/made up without brand name having retail sale price below Rs.1000(per piece)	0 or 12.5	10	5/2.	5 (Sale value not exceeding Rs.1000 per piece, 12 (sale value exceeding Rs.1000 per piece)
Polyester Garment/made up with brand name having RSP Rs.1000 and above(per piece)	2 without cenvat credit or 12.5 with cenvat credit	10	5/2.	5 (Sale value not exceeding Rs.1000 per piece, 12 (sale value exceeding Rs.1000 per piece)

The above discussion shows that not only GST has integrated the complete textile value in one unbroken chain for tax compliance purpose but also leads to great amount of Ease-of-doing business in the country and will be considered as a great reform in years to come. The government committement to the cause of " Ease of Doing Business and facilitating industry to become competitive in the GST regime" is reflected in the recent decision taken by Government of India to refund of unadjusted GST amount, which remain unadusted with the man made fiber based fabric producers.

IMPACT OF GST ON THE CLOTHING INDUSTRY

Mr Rahul Mehta
President, CMAI

Let me not beat around the bush. GST had a hugely negative impact on the Clothing Industry when it was brought in.

Why?

- The entire informal Sector got knocked out with a left hook on the jaw.
- The initial set of documentation, processes and rules were complex enough to give experts the jitters – leave alone small businessmen.
- When the student is confused, the teacher steps in to help. When both the

  Student and the Teacher are equally confused, chaos can be the only result.

  When GST was launched, the authorities were as clueless as the industry on

  numerous queries and issues – resulting in confusion, uncertainty, and fear.
- There were several die-hard optimists who simply refused to believe that they would be brought under the GST net. Hence, they remained blissfully unprepared for the ultimate launch, and were caught napping when it did happen.
- Although the Government had by and large accepted the Industry's strong

  recommendation to have a single and uniform rate structure, there were

  sufficient exceptions to make the whole structure complex and at places illogical.

However, I would give full marks to the Government for firstly accepting the confused state of affairs, listening to the Industry suggestions, and finally rectifying the errors of omission and commission. One can argue about the pace of taking these corrective measures, but in my view, no Government in the past has reacted with such alacrity and genuineness of intent as this Government has. Kudos to the Government as a whole for this proactive approach, and the GST Council in particular.

This is not to say that the structure is perfect, and all is honkey dory. The Industry is still facing some huge issues – especially in the Exporting Sector – and the Government needs to take urgent action on these for the Industry to revive to its earlier glory.

EXPORTING SECTOR

The Government needs to take the following immediate steps to revive the ailing sector.

1. Restore Duty Drawback: the Duty Drawback and ROSL rates that existed pre-GST had 3 components to it. Primarily of course the reimbursement of Taxes the Exporters were directly paying; several duties which were embedded in the costs but not necessarily being paid directly; and to a small extent a compensation for some of the extra expenses being incurred by the exporting community due to infrastructural deficiencies etc,

   What the GST does is to only address the reimbursement of Taxes being paid directly by the

Exporters. The other two aspects are being ignored currently. Various estimates put these at around 3% to 5%. This is making our exports of Garments uncompetitive in the fiercely competitive International markets.

2. Streamline the GST Refund procedures. For over 9 months the Exporters suffered immensely with their refunds getting stuck for some reason or the other. Undoubtedly there is a substantial improvement as of today, but these ad-hoc measures are not adequate to sustain the sector. A comprehensive analysis of what is required and what systems need to be put in place have to be worked out to ensure that this kind of a cash crunch crisis does not repeat itself.

Apparel exports out of India have remained stagnant since the last 3/4 years. Introduction of GST was a game changer opportunity for the Government to give a much needed fillip to this sector. Unfortunately it has been wasted. In fact, GST has brought about one of the worst crisis the sector has seen in many years. I am afraid if the Government does not wake up and take some quick action, the future for the Export sector seems quite bleak.

In contrast to the Export sector, the Domestic Sector has by and large recovered from the chaos felt at the launch of GST. Continuous dialogue between the leading Associations of the Domestic Industry - most notably CMAI and CITI - and the Government, has resulted in most of the grievances of the Industry being addressed. Issues such as Job Work rates, Input Tax Credits, differential rates, simplified returns, have been satisfactorily resolved. Several concessions for the SME Sector have gone a long way in assuaging the fears of the small players, and encouraged them to join the mainstream.

But a few more aspects need to be addressed.

There is still need for Fiber Neutrality across the Value Chain. One of the biggest myths in the Indian Textile Industry is that Polyester is for the Rich and Cotton is for the Poor – so tax polyester based products at a higher rate. Nothing can be further from the truth. The fact is that it is the less wealthy sections of society, which wear polyester, because of the ease and lower cost of maintenance, and longer life. Cotton is favored by the rich, who do not mind the shorter life and higher cost of maintenance. Although there is fulI neutrality at the Apparel stage (how we fought to achieve this!!!) would strongly urge to remove the fiber disparity in GST rates across the full value chain.

A seemingly minor point but one, which can have a significant impact over time, is the differential rates between Apparels of below and over rs.1000. Firstly, in today's time and prices, to say that a Garment worth Rs.1200 or Rs.1500 is only worn by the rich, is strange. India is fast becoming a consumption led economy. Indians have become aspirational. Exposure to the Internet and TV has increased the expectations of the consumers. They are beginning to realize the value of Brands. In such a scenario, to charge 7% extra to goods above Rs.1000 is unnecessarily curbing consumption – and encouraging Manufacturers to cut corners to keep their prices below the threshold level. Additionally, every consumer, irrespective of his or her economic standing, would have occasions in their lifetime to wear expensive clothes – marriages, birthdays, and so on. Why make them pay 7% more?

Lastly, by converting CVD into IGST, which is subsumed in GST, we have made imports less expensive by 5% to 7%. When the Industry is already under threat of cheap imports from countries like Bangladesh, why add to its misery?

In conclusion, I may say that the GST impacted the Clothing Industry quite significantly in its initial phase. However, with the Government paying heed to the Industry Associations and their representations, with changes, rationalizations and simplifications coming over time, and with the Industry also settling down with the new regime, I can safely say that the worst is over, and the Industry can look forward to a phase of healthy and steady growth in the coming years.

Of course, those who simply do not want to pay Taxes will continue to find fault and seek exemptions. There is nothing one can do about this lot. Good luck to them – though I will only caution them that it will be more and more difficult to continue pretending to be small and seek exemptions from payment of GST.

KEY DECISIONS/ANNOUNCEMENTS IN VARIOUS GST COUNCIL MEETINGS IN RELATION TO TEXTILE TRADE

GST Council Meeting Timeline	Key Decisions/ Announcements
28th GST Meeting **Held on: 21st July 2018**	**1.GST Return Filing process further simplified** • The new return filing for Quarterly filing taxpayers • Regular taxpayers with a turnover of up to Rs 5 crores can opt to file GST return on a quarterly basis against earlier limit of Rs. 1.5 crores. **2. Relief to taxpayers up to 31st August 2018 to complete the registration** **3.For Exporters:** • Extension of the exemption by another year up to 30th September, 2019 granted on outward transportation of all goods by air and sea, as relief to the exporter of goods. **4.Fabric Manufacturers:** • Refund of accumulated ITC - GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. **5. GST rates reduction on Textile & Allied Products**

Description	Existing Rate	Revised Rate
Chenille fabrics and other fabrics under heading 5801	12%	5%
Handloom dari	12%	5%
Knitted cap/topi having retail sale value not exceeding Rs 1000	12%	5%
Zip and Slide Fasteners	18%	12%
Handbags including pouches and purses; jewellery box	18%	12%
Handmade carpets and other handmade textile floor coverings (including namda/gabba)	12%	5%
Handmade lace	12%	5%
Other Handicraft items like Tapestries, Braids & Toran etc.	12%	5%

6. Other Recommendations:

- Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
- The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya,Sikkim and Uttarakhandto be increased to Rs 20 Lakhs from Rs 10 Lakhs.
- Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
- Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.

GST Council Meeting Timeline	Key Decisions/ Announcements
27th GST Meeting **Held on: May 4, 2018**	GST Council approves principles for filing of new return design Key Elements of the new return design are as follows: **One monthly Return** All taxpayers excluding a few exceptions like composition dealer shall file one monthly return. **Unidirectional Flow of invoices** • There shall be unidirectional flow of invoices uploaded by the seller on anytime basis during the month which would be the valid document to avail input tax credit by the buyer. • Invoices for B2B transaction shall need to use HSN at four digit level or more to achieve uniformity in the reporting system. **Simple Return design and easy IT interface** The B2Bdealers will have to fill invoice-wise details of the outward supply made by them, based on which the system will automatically calculate his tax liability. **No automatic reversal of credit** Recovery of tax or reversal of input tax credit shall be through a due process of issuing notice and order. The process would be online and automated to reduce the human interface. **Due process for recovery and reversal** **Supplier side control** Unloading of invoices by the seller to pass input tax credit who has defaulted in payment of tax above a threshold amount shall be blocked to control misuse of input tax credit facility. **Transition**
26th GST Council Meet **Held on: March 10, 2018**	• Extension of tax exemptions for exporters for six months • Reviewed the progress in grant of refunds to exports of both IGST and Input Tax Credit. • Introduced an e-Wallet scheme w.e.f. 01.04.2018 **E- Wallet Scheme** Creation of electronic eWallets, which would be credited with notional or virtual currency by the DGFT. This notional / virtual currency would be used by the exporters to make the payment of GST / IGST on the goods imported / procured by them so their funds are not blocked.
25th GST Council Meet **Held on: Jan 18, 2018**	• Reduced GST on Common Effluent Treatment Plants services of treatment of effluents, from 18% to 12%. • Reduce GST rate on tailoring service from 18% to 5%
24th GST Council Meet **Held on: Dec 16, 2017**	• Discussed about the implementation of e-way Bill system • The Uniform System of e-way Bill for inter-State as well as intra-State movement will be implemented across the country by 1st June, 2018.

GST Council Meeting Timeline	Key Decisions/ Announcements
23rd GST Council Meet **Held on: Nov 10, 2017**	**Reduction in GST rates** **28% to 18% included** • Article of apparel & clothing accessories of leather, guts, furskin, artificial fur and other articles such as saddlery and harness for any animal • Crankshaft for sewing machine, tailor's dummies, bearing housings, gears **Reduction in GST rate from 28% to 12%** • Hats (knitted or crocheted) • Specified parts of sewing machine **Reduction in GST rates from 12% to 5%** • Narrow woven fabric including cotton newar [with no refund of unutilised input tax credit] • Coir cordage and ropes, jute twine, coir products • Worn clothing **Other Changes/ Clarifications** To prescribe that GST on supply of raw cotton by agriculturist will be liable to be paid by the recipient of such supply under reverse charge.
22nd GST Council Meet **Held on: Oct, 6, 2017**	**Reduction in GST rates of the following goods based on HSN**

HSN Codes		Existing GST Rate	Revised Rate
5401	Sewing thread of manmade filaments, whether or not put up for retail sale	18%	12%
5402, 5404, 5406	All synthetic filament yarn, such as nylon, polyester, acrylic, etc	18%	12%
5403, 5405, 5406	All artificial elament yarn, such as viscose rayon, uprammonium,	18%	12%
5508	Sewing thread of manmade staple Fibres	18%	12%
5509, 5510, 5511	Yarn of manmade staple Fibres	18%	12%
5605	Real Zari	12%	5%

21st GST Council Meeting

Held on: September, 9, 2017

Reduction in GST rates of the following goods based on HSN

HSN Codes	Description	Present GST Rate	Recommended Rate
50 to 55	Khadi fabric, sold through Khadi and Village Industrries Commission's outlets	5%	Nil
5801	Corduroy fabrics	12%	5% [with no refund of ITC]
5808	Saree fall	12%	5%
6501	Textile caps	18%	12%
9404	Cotton quilts	18%	5% on cotton quilts not exceeding Rs.1000 per piece, 12% on cotton quilts exceeding Rs.1000 per piece

GST Council Meeting Timeline	Key Decisions/ Announcements
20th GST Meet **Held on : Aug, 5, 2017**	**E-way bill Approved:** • The Council approved the e-way bill rules and decided to implement e-way bill system across the country. The Finance Minister (FM) mentioned in the press conference that e-way bill will not be needed for supply of exempted goods or for a supply within city within 10 km distance. The date from which the e-way bill provisions will come into effect is not yet decided. It was also mentioned that there would not be any check posts and the process would be technology driven with very limited human intervention. Only the consignments with value above INR 50,000/- would be required to comply with e-way bill provisions. **GST rate on services** • **Job work** across textile sector (including MMF yarn, garments, made-ups, etc. falling in Chapters 50 to 63) would be subject to tax @ 5%, instead of present multiple rate structure, depending on the activity.

SHRI AJAY TAMTA, HON'BLE UNION MINISTER OF STATE FOR TEXTILES AND SHRI SANJAY K. JAIN, CHAIRMAN, CITI AT INAUGURATION OF NITRA'S FOCUS INCUBATION CENTRE

TRANSPORT STRIKES COSTS TEXTILE INDUSTRY DEARLY – THE LOSS WILL MULTIPLY IF IMMEDIATELY NOT RESOLVED: CITI

New Delhi, Wednesday, 25th July 2018: The nationwide strike of All India Motor Transport Congress has brought the entire textile industry to a standstill. Shri Sanjay K Jain, Chairman, CITI stated that the nationwide strike of transporters has today entered its 6th day and left the entire textile industry (a 130 billion dollar industry) impacting production, fund flow, employment, credibility and reputation.

Mr. Jain stated that the impact of the strike is so huge on the industry that it has forced the units to suspend their production in the absence of no supply of raw materials. Many units work on hand to mouth and this strike would lead to loss of livelihood for casual workers and even regular workers would have to do with lower wages in the absence of production incentives and overtime.

Mr. Jain also stressed on the issue that if strike continues for another couple of days and government doesn't intervene in the matter, he is afraid that industry may lose good amount of foreign exchange due to not fulfilling their export obligations. The delay in shipments would lead to LCs expiring, air shipment costs and cancellation of orders plus loss of reputation/credibility with foreign buyers. He further pointed out that industry is feared to lose thousand of crores due to this strike.

CITI appeals to the Government and the striking Associations to please find an amicable solution in the general interest of the country and its citizens. Any delay will lead to a multiplication of problems with more units shutting down and orders being cancelled.

CITI HAILS REFUND OF ITC AT FABRIC STAGE - A MAJOR BOOST TO THE FABRIC SECTOR

New Delhi, Sunday, 22nd July 2018: The GST Council on Saturday held its 28th Meeting at New Delhi and took a number of decisions that will give a major boost to the Indian economy. Mr. Sanjay K. Jain, Chairman, CITI, thanked the GST Council for reducing tax rates on more than 50 items of daily use. Mr. Jain also thanked the Hon'ble Prime Minister, Hon'ble Union Minister of Finance, Hon'ble Union Minister of Textiles and GST Council for taking proactive steps in favour of the comman man as well the Indian industry as a whole. He stated that the decision will have a major effect on the Indian economy and will strengthen domestic as well as export sector.

Mr. Jain welcomed the decision of refund of accumulated credit on account of inverted duty structure to fabric manufacturers. He stated that it was the need of the hour as fabric sector is already facing a lot of difficulties while competing with its counterparts in international market. CITI has been consistently requesting to the government to give relief to the fabric segment as for the overall growth of the textile sector, fabric sector plays an important role and it also generates a sizeable employment opportunities - 40 jobs on 1 crore investment - which is more than any segment of the textile value chain. Hence, decision to allow refund of accumulated Input Tax Credit (ITC) at Fabric stage due to inverted duty structure is a big relief to the textile sector.

He further stated that the rates cut on Chenille fabrics and other fabrics under heading 5801 and Handoom dari to 5% from 12% is a big win for the textile manufacturers who were reeling under immense pressure. It would further boost employment in the powerloom sector, as about 40,000 textile workers have lost their jobs in last one year and would prevent further job losses.

Mr. Jain further pointed out that while on the one hand reducing GST rates on the goods of daily use like Sanitary napkins, Refrigerators, Water Heaters, Washing machines, Televisions, etc. will ease out pressure on the common man, refund of ITC on motor vehicles, reduction of rates on ethanol, lithium battery, increasing upper limit for opting composition scheme, filing returns quarterly instead of monthly, increase in threshold exemption limit in hill states, etc. on the other hand, would give big relief to the business community.

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Mr. Jain further pointed out that allowing quarterly filing of return for the small taxpayers having turnover below 5 crore as an optional facility will ease out pressure on small businessmen/ merchants and is expected to give big relief to about 93% of the over 10 million registered GST payers, from the complex procedures of filing monthly returns. He also praised the decision of levying GST on reverse charge mechanism on receipt of supplies from unregistered suppliers should be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council.

Mr. Jain informed that CITI has been representing to the Government on all the major issues concerning Textile and Clothing Industry and also underlined the fact that the Government has been very receptive while dealing with the issues. He further pointed out that reducing GST rates on man-made fibres and yarn is a long pending industry demand apart from other GST pending issues and hoped, it would further ease out pressure on the MMF sector. The decisions taken in yesterday's meeting are welcome steps and would help the entire manufacturing and service sectors not only to cover the lost ground but would also empower the Indian economy to unleash its true potential and achieve the target set out for the textile and clothing sector.

CITI WELCOMES THE RISE IN IMPORT DUTY ON VARIOUS TEXTILE AND APPAREL ITEMS

New Delhi, Tuesday, July 17, 2018: Mr. Sanjay Jain, Chairman, CITI welcomes the decision to increase import duty on 76 textile and apparel items at 6 digit level to protect the domestic manufacturers from rising imports. The import duty which was earlier 10% will now be 20% for these items. There has been increase in import duty of 24 knitted apparel categories, 24 woven apparel categories, 10 categories of carpet, 6 nonwovens categories, 3 categories of laminated fabric, 2 knitted fabric, 2 categories of woven fabric, 2 categories of made-ups and 3 other categories.

He thanked the Hon'ble Minister of Finance for addressing the issue of rising imports of textile and apparel goods. He highlighted that it is a very positive move by the Government and has given a major relief to the garment and carpet manufacturers as they were going under immense pressure post GST. A substantial drop in import duty was observed after implementation of GST which has encouraged cheaper imports. This has come as a great relief to the domestic manufacturers

Mr. Jain pointed out that in the year 2017-18, India imported approx. US$ 7 billion worth textile and apparel products. The imports has grown from US$ 6 bn in 2016-17 at a rate of 16%. Government has increased import duty for commodities which accounted for approx. 26% (US$ 1.8 bn.) of total imports by India. He further stated that imports of readymade garments increased from US$ 596 mn.in 2016-17 to US$ 773 mn. in 2017-18. 48 apparel commodities for which the import duty has increased accounts for approx. 82% (US$ 630 mn.) of the total apparel imports. This will definitely prevent apparel imports from China, which is the largest supplier of apparel to India.

However, he further stated that the problem of industry is not yet over. There is a big issue of imports from Bangladesh where there is full exemption of Basic Customs Duty and hence it is a gateway for Chinese fabric entering India duty free. This is because no rules of origin are in place for duty free imports from Bangladesh. In 2017-18, the imports of apparel from Bangladesh stood at US$ 201 mn. which has increased from US$ 140 mn.in 2016-17 at a rate of 44%. Hence it is suggested that the Government may consider imposition of safeguard measures such as Rules of Origin on the countries that have FTAs with India to prevent cheaper fabrics produced from countries like China routed through these countries. Further, there is need to increase import duty on MMF Spun Yarn, MMF based Fabrics as huge surge of imports have been seen in this category post GST which is impacting yarn and fabric manufacturers in a big way. In October 2017, the Government had increased duty on fabrics from 10 to 20%, however many HS Codes were left out through which imports still continue.

Mr. Sanjay K. Jain was hopeful that the government will immediately address the unresolved issues of the textile sector to make the sector globally competitive. He stated that CITI had highlighted the issue of rising imports to different Ministries and requested the Government to take immediate steps to support the textile sector. He said that the sensitiveness of the Government to the industry problems is very encouraging and gives the industry confidence to grow strongly.

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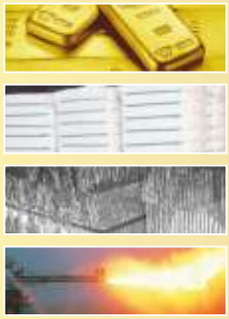

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CITI WELCOMES DECISION OF WEST BENGAL GOVERNMENT EXEMPTING MOVEMENT OF GOODS RELATING TO JOB WORK FROM E-WAY BILL SYSTEM

Thursday, 12 July 2018, New Delhi: Shri Sanjay K. Jain, Chairman, CITI thanked Hon'ble Finance Minister, Dr Amit Mitra for exempting eWay Bill for movement of goods in relation to all types of Job Work.

Mr. Jain stated that this decision will bring immense relief to thousands of MSME units operating in the Textile, Garment and Hosiery Industry from a lot of paperwork and make things easier for the unorganised job working segment who were finding it very difficult to comply with E-Way Bill requirement for movement of goods intra State.

Mr. Jain further stated that this is a very important and big step towards Ease of Doing Business for the MSME businesses. Earlier in another proactive movement, the Government had raised the E-Way Bill limit from Rs 50000 to Rs 100000 which had again brought great relief to MSME Sector.

He also welcomed the announcement made by the Hon'ble Minister for Urban Development in the Inaugural Session of Kolkata Garment Expo 2018 that a 9 lac square feet garment complex is being planned by the Government in Nungi. The Hon'ble Minister further added that a flyover to access this area is also almost ready. Mr Jain said that such a move will give a big impetus to the Industry.

He further added that Bengal has the potential of leading the next big growth in the Garment Segment which is the largest industrial employer in the country and is the best bet for inclusive growth as women are employed in a big way by the Garment industry. He also added that our neighbour Bangladesh exports almost double of India, hence no reason why Bengal with support of the Government cant take the Big Leap Forward. He said Bengal has it all, we just need to get the pieces properly set in the jig saw puzzle. He has requested the Hon'ble Minister to come out with a robust textile Policy at the earliest as the old policy expired in March 2018.

He also thanked Commissioner, State Tax, WB Smaraki Mahapatra and Sr Joint Commissioner, Khalid Anwar for their support, understanding and guidance in this matter.

CITI-CDRA STARTS WORK IN MP – ANOTHER STEP TOWARDS UPLIFTMENT OF COTTON FARMERS

New Delhi, Wednesday, July 11, 2018: CITI CDRA on June 26th, 2018 started work in Madhya Pradesh. It recently inaugurated initiative for cotton collaboration in the state of Madhya Pradesh, starting from the Ratlam district followed by another inaugural event held on 5th July 2018 at Jhabua district (M.P) for training cotton farmers on package of practices while cultivating Extra Long Staple cotton. The event was attended by State Government officials, from Agriculture Department of districts of Ratlam, Jhabua and Dhar, besides, Senior Scientists from Krishi Vigyan Kendra's from these districts and representatives of cotton traders, ginning and pressing factories. The farmers were given information regarding the mission and objective of the initiative. Success stories of initiatives undertaken in Rajasthan and Maharashtra were also shared with the farmers. Representatives from local Ginning and Processing facilities assured the farmers of improvement of their facilities, which will result in increasing the value of the cotton. The farmers were also informed about Pest and Diseases of Cotton and their Management and were encouraged to grow ELS varieties of Cotton and BT Hybrids of Cotton. Representatives of cotton traders assured farmers of a fair deal while purchasing quality kapas of ELS cotton.

Inauguration of the ELS Cotton Project in Ratlam, Madhya Pradesh

Mr. Sanjay Jain, Chairman, Confederation of Indian Textile Industry (CITI) stated that CITI undertakes cotton development and extension activities through its extension arm - CITI Cotton Development & Research Association (CITI CDRA). Since its inception in 1970, it has been involved in various initiatives in different parts of India for improvement in yield and production of cotton, creating awareness among the cotton growers from the project areas about the latest production, plant protection and nutrient management technologies and equipping the farmers with technological awareness for sustaining cotton production and improving the economic status.

Mr. P.D. Patodia, Convener of CITI-CDRA pointed out that CITI-CDRA has made strides in cotton development in Rajasthan through its initiatives in the State. It is set to complete a decade (2008-09 to 2017-18) of its Collaborative cotton development activities in rain dependent major cotton growing districts of Lower Rajasthan. CITI along with State Agriculture Department, Bayer Crop Science and regional Textile Mills Associations conducted a Cotton Collaboration Initiative in rain dependent districts. The mission was to improve cotton production and upliftment of cotton farmers. It conducted Front-line Demonstrations for farmers in their farms for the spread and adoption of latest production, plant protection and nutrient management technologies.

Mr. Jain highlighted that the initiatives resulted in increase of cotton production in lower Rajasthan (project area) from 1.91 lakh bales in 2007-08 to around 13 lakh bales in 2017-18, an increase of 581% and in overall Rajasthan, it increased from 9 lakh bales to 22 lakh bales for the same period, showing an increase of 144%. The cotton yield in Rajasthan increased 79% from 415 kgs of lint per hectare in 2007-08 to 744 kgs of lint per hectare in 2017-18. For the same time period, average yield in project areas was 863 lint/ha as compared to state average of 398 lint/ha.

Thus, local textile mills dependence on other states for cotton requirement reduced from 80% to 20%, giving impetus to Rajasthan textile sector and also led to local farmer's income increasing substantially.

Mr. Patodia also mentioned that as a part of initiatives in Rajasthan, CITI-CDRA in collaboration with Bayer Crop Science, has embarked upon the project for promoting ELS cotton in Banswara district for the last two years.

A wide variety of ELS seeds were tested in various villages of Banswara district of Rajasthan and Ratlam district of Madhya Pradesh. In terms of quality, the performance of these cottons was found to be encouraging and the production was increased. Mr. Jain is hopeful that such initiatives would help in increasing the yield of ELS cotton and create awareness among the farmers regarding growing these varieties. Thus, will impact the overall production of ELS cotton in the state and the country.

CITI-CDRA has similar Cotton Collaboration Projects being implemented in Maharashtra where the cotton growers were given information regarding sustainable growing of cotton, importance of preventing contamination, better use of fertilizers and modern farming methods like high density planting and drip irrigation.

Four different spacing treatments of High Density Trials to determine best arrangement for achieving highest yield

Mr. Patodia also mentioned, to promote better farming techniques, CITI-CDRA organizes Kisan Melas for cotton growers. The cotton growers with the maximum yield are felicitated and awarded at Kisan Melas. Furthermore, the Kisan Melas are a platform for senior scientists in the field to communicate with farmers and inform them about the latest innovations made in the industry.

Mr. Jain believes that such initiatives will help in improving the overall scene of cotton production in India. However, this is just a drop in the ocean, to make a big change, he urges, the Government of India to conduct similar projects and invest extensively for research in development of cotton seeds with better yield and productivity. Industry is hopeful of TMC II being started very soon to provide further impetus to cotton farming.

Further, Mr. Jain emphasized to build a Direct Subsidy based on remuneration per hectare of land to cotton growers rather than a market linked MSP system which distorts the normal market flow and impacts quality, competitiveness and growth of the entire value chain which employs more than 10 crore people (large percentage being rural women).

CITI WELCOMES HIKE IN MSP OF COTTON BUT REQUESTS DIRECT SUBSIDY SYSTEM

Thursday, 05 July 2018, New Delhi: Mr. Sanjay K. Jain, Chairman, CITI, welcomes 28% hike in Minimum Support Price (MSP) of Cotton announced by the Government of India. The Government has taken the decision to ensure farmers get at least 50% profit of their actual cost of production. According to Mr Sanjay Jain, "At one level, the move would certainly increase farmers' income, leading to an increase in domestic consumption that would eventually support the overall Indian economy. However, we need to examine the event from different perspectives and understand that the lakhs of farmers gain should not impact the USD 120 billion industry which employs directly and indirectly more than 10 crore people".

From 2009-10 to 2017-18, MSP increased by Rs.1320/quintal and in 2018-19, it has been increased by Rs.1130/quintal. The impact is huge and possibly unprecedented. The Textile & Clothing being an integrated industry, the proposed hike in MSP based on 1.5 times the A2+FL costs would impact each segment along the supply chain raising the final price of the product. Further, this intervention would also make Indian cotton fibre relatively expensive with respect to international prices. As T&C exports are still reeling under the pressure to perform, absorbing a hike of 28% would be difficult for the entire textile Industry. Although, China has imposed an additional 25% import duty on American cotton and the rupee has also depreciated against the dollar, still cotton and yarn would face headwinds.

Mr Jain emphasised that the real impact depends on the movement of international prices of cotton. In case, prices stay above MSP, there will be no issue. However, if prices fall below it, the impact would be severe. The industry is fully integrated with the global market and India being a significant player, cannot work in isolation. Post 2008 recession, Indian MSP was higher than international prices which finally led to a huge loss to the industry and exports dipped significantly.

Mr. Jain pointed out that higher MSP would further compel huge cotton procurement by the state-run Cotton Corporation of India (CCI). In the past, for instance, the Centre raised cotton MSP (medium staple) by a record 39% in 2008-09, driving up CCI's procurement to an all-time-high of **8.9 million bales**. Industry hopes that a clear CCI Policy is spelt out, so that in case they need to make massive procurement, the industry gets regular offering from them throughout the season at international parity prices (system linking offered prices to ICE may be formulated).

He pointed out that while it is very important that farmers earn reasonable profit above their costs, it's also important to ensure that the industry gets internationally competitive raw material. The Industry has been requesting for a direct subsidy scheme for farmers to be considered at least partly, so that, while 50% profit over the so-called A2+FL cost is assured to the farmers and the Industry also remains competitive by cotton fibre prices being determined by demand and supply. This would ensure that employment in the labour-intensive T&C industry isn't affected and the growth targets of output, export and employment are met.

It is pertinent to mention here that a few years back, China had also increased their buying price from farmers significantly which made their domestic prices much higher than the international prices leading to Chinese Government accumulating almost 50% of the global cotton which it is still liquidating even after 5 years. This led to the cotton yarn industry becoming unviable and imports of cotton yarn zoomed from India, Vietnam and Pakistan. The Chinese Government realised that holding cotton by buying at higher price isn't a solution and hence, a couple of years back, it shifted to a direct subsidy route which has made the Chinese cotton industry again competitive and also reduced the Government burden of stocking high priced cotton and then selling it at a loss.

We hope our Government, would devise some direct subsidy route so that interests of both farmers and the largest industrial employer are equally protected for a win-win situation. Textile industry has the huge potential to provide employment to the masses, especially rural women, if it increases its export competitiveness to effectively compete with Bangladesh and Vietnam (their garment exports are almost double than that of India). China recently announced concessions on 8000 items under APTA, however, none of the Indian textile products got any relief – hence, the industry is not getting a level playing field in any of the major markets.

Thus, while hike in MSP is indeed a welcome move, yet textile industry requests the government to put in place a delivery mechanism so that industry that is already reeling under the pressure gets the raw material at reasonable prices.

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Man Made Fibre and Yarn Price in India (Rs. Per kg)

Month / Year	Poly/Visc	Poly/Cott	VSF	PSF	VFY	NFY	PFY	Texturized Yarn
Jan-17	201.0	161.0	174.9	95.9	400.5	273.9	94.2	100.2
Feb-17	213.0	164.0	174.9	100.8	400.5	280.9	106.2	108.6
Mar-17	208.3	163.0	180.6	101.9	400.5	282.6	107.4	108.6
Apr-17	203.8	159.0	180.6	94.1	400.5	277.3	104.0	108.6
May-17	203.8	158.0	180.6	91.9	400.5	267.7	105.7	108.6
Jun-17	201.5	158.0	180.6	90.8	400.5	267.7	105.7	108.6
Jul-17	203.8	152.0	189.4	92.5	369.7	266.5	90.3	108.6
Aug-17	204.5	153.0	189.4	95.3	369.7	269.7	93.3	106.2
Sep-17	205.0	159.0	189.7	100.2	369.7	269.7	96.5	99.8
Oct-17	202.0	159.0	189.7	106.1	369.7	283.1	94.8	99.8
Nov-17	203.8	161.0	189.7	106.1	369.7	283.1	94.8	100.8
Dec-17	204.5	161.0	189.7	110.8	369.7	263.8	98.2	100.8
Jan-18	207.8	162	189	110.8	369.7	263.8	100.7	100.8
Feb-18	211.3	164	193	110.8	369.7	257.5	100.7	100.8
Mar-18	212.5	165	193	112.6	369.7	257.5	106.6	100.8
Apr-18	212.8	165	193	116.1	369.7	268.1	107.7	107.8
May-18	216	169	193	113.7	369.7	268.1	110	117.5
Jun-18	216.5	169	195.4	119	369.7	268.1	116.4	117.5

Change Over Previous Year

Month / Year	Poly/Visc	Poly/Cott	VSF	PSF	VFY	NFY	PFY	Texturized Yarn
Jan-17	22.7	-13.0	14.62	7.13	14.8	-19.4	7.0	7.37
Feb-17	34.0	-10.0	14.62	13.64	14.8	-2.45	19.1	15.8
Mar-17	27.6	-11.0	20.25	13.09	14.8	-0.74	19.1	12.43
Apr-17	21.4	-15.0	16.88	3.17	14.8	-8.39	12.3	12.43
May-17	20.1	-16.0	16.88	2.36	0.0	-11.7	15.2	12.43
Jun-17	18.0	-16.0	16.88	2.2	0.0	-6.37	15.8	12.43
Jul-17	18.4	-22.0	25.7	3.61	-30.8	-10.1	-0.1	12.43
Aug-17	17.2	-21.0	25.7	6.51	-30.8	1.99	2.8	10.03
Sep-17	3.0	-2.0	14.76	10.98	-30.8	1.99	6.0	3.58
Oct-17	2.0	-1.0	14.76	17.99	-30.8	11.08	4.3	3.58
Nov-17	4.3	1.0	14.76	17.99	-30.8	20.62	4.3	4.58
Dec-17	5.7	1.0	14.8	22.7	-30.8	-1.3	7.7	4.6
Jan-18	6.8	1.0	14.0	14.9	-30.8	-10.1	6.5	0.6
Feb-18	-1.8	0.0	18.1	10.0	-30.8	-23.4	-5.6	-7.8
Mar-18	4.3	2.0	12.4	10.7	-30.8	-25.1	-0.8	-7.8
Apr-18	9.0	6.0	12.4	22.0	-30.8	-9.3	3.7	-0.8
May-18	12.3	11.0	12.4	21.8	-30.8	0.4	4.4	8.9
Jun-18	15.0	11.0	14.8	28.2	-30.8	0.4	10.7	8.9

Source: Ministry of Textiles

Cotton Fibre and Yarn Price in India (Rs. Per kg)

Month / Year	Raw Cotton	Medium Staple	Long Staple	Extra Long Staple	Hank Yarn	Cone Yarn	Hosiery Yarn
Jan-17	111.6	97.2	119.2	139.1	243.7	193.1	205.8
Feb-17	113.2	96.3	123.2	141.9	248.6	196.1	215.0
Mar-17	114.1	96.3	124.2	146.1	252.6	206.0	225.8
Apr-17	111.8	93.6	120.1	145.5	250.0	204.0	225.8
May-17	112.6	95.3	122.7	142.7	250.0	202.0	225.8
Jun-17	111.6	95.0	120.7	142.4	250.0	202.0	225.8
Jul-17	111.1	94.8	119.9	141.0	257.7	197.0	225.8
Aug-17	110.1	93.2	119.9	139.6	264.2	185.8	216.5
Sep-17	103.1	90.9	107.4	132.7	261.6	182.6	204.5
Oct-17	103.0	94.0	104.8	128.4	261.6	185.6	204.5
Nov-17	103.7	95.7	104.4	128.7	261.6	187.6	204.5
Dec-17	112.4	101.6	114.9	141.6	261.6	195.4	204.5
Jan-18	111.52	99.47	115.65	140.74	267.36	193.37	217.75
Feb-18	109.63	99.26	112.27	137.37	267.36	191.37	217.75
Mar-18	108.2	95.68	113.4	135.96	267.36	192.37	217.75
Apr-18	106.7	95.05	116.35	118.89	263.07	201.14	217.75
May-18	113.14	97.37	121.27	143.7	265.07	213.75	217.75
Jun-18	123.38	106.86	131.39	123.38	269.65	219.68	238.5

Change Over Previous Year

Month / Year	Raw Cotton	Medium Staple	Long Staple	Extra Long Staple	Hank Yarn	Cone Yarn	Hosiery Yarn
Jan-17	21.7	19.85	24.9	19.1	19.0	9.3	8.8
Feb-17	24.5	21.3	29.5	21.2	23.9	12.3	18.0
Mar-17	28.2	24.46	32.8	28.0	27.2	22.1	28.8
Apr-17	20.7	18.14	21.6	22.6	21.8	17.9	28.8
May-17	16.7	15.33	19.1	14.9	21.8	15.8	28.8
Jun-17	6.2	7.46	5.1	5.2	14.8	15.1	21.5
Jul-17	-5.9	-1.54	-10.1	-8.9	20.1	4.7	4.0
Aug-17	-3.5	0.78	-7.7	-6.2	15.9	-6.6	-8.0
Sep-17	-9.4	1.48	-19.3	-18.4	16.0	-12.4	-13.0
Oct-17	3.7	9.41	-1.4	-1.5	16.0	-1.4	-4.5
Nov-17	1.8	8.94	-4.4	-4.6	17.7	2.6	3.8
Dec-17	7.2	10	3.3	9.4	17.7	10.4	-1.3
Jan-18	-0.1	2.3	-3.5	1.7	23.6	0.3	12.0
Feb-18	-3.5	3.0	-11.0	-4.5	18.8	-4.7	2.8
Mar-18	-5.9	-0.6	-10.8	-10.1	14.8	-13.6	-8.0
Apr-18	-5.1	1.4	-3.7	-26.6	13.1	-2.9	-8.0
May-18	0.6	2.1	-1.4	1.0	15.1	11.7	-8.0
Jun-18	11.8	11.9	10.7	-19.1	19.7	17.7	12.8

Source: Ministry of Textiles

India's Textile and Apparel Exports (In US Million)

Description	June'17	June'18	% change	Apr'17-June'17	Apr'18-June'18	% Change	% share of total Apr'17-June'17	% share of total Apr'18-June'18
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	106	163	54%	405	615	52%	4%	6%
COTTON YARN	254	378	49%	690	1063	54%	7%	11%
COTTON FABRICS, MADEUPS ETC.	422	481	14%	1292	1410	9%	13%	14%
	782	**1,022**	**31%**	**2,387**	**3,087**	29%	**24%**	**32%**
Jute								
JUTE, RAW	1	0	-87%	3	1	-59%	0%	0%
JUTE YARN	2	1	-64%	5	3	-42%	0%	0%
JUTE HESSIAN	11	9	-15%	34	27	-20%	0%	0%
OTHER JUTE MANUFACTURES	11	12	13%	28	33	19%	0%	0%
FLOOR CVRNG OF JUTE	4	4	9%	11	12	9%	0%	0%
	29	**27**	**-7%**	**81**	**77**	**-5%**	**1%**	**1%**
Silk								
SILK,RAW	-	-	0%	-	0		0%	0%
SILK WASTE	1	3	193%	3	6	119%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	4	8%	14	13	-9%	0%	0%
SILK CARPET	0	1		0	1	275%	0%	0%
	5	**8**	**61%**	**17**	**20**	18%	**0%**	**0%**
Wool								
WOOL, RAW	-	0.27		0	0	1186%	0%	0%
WOLLEN YARN,FABRICS,MADEUPSETC	14	18	31%	45	53	18%	0%	1%
	14	**19**	**33%**	**45**	**54**	19%	**0%**	**1%**
Manmade								
MANMADE STAPLE FIBRE	53	59	11%	154	153	-1%	2%	2%
MANMADE YARN,FABRICS,MADEUPS	372	404	8%	1153	1241	8%	12%	13%
	425	**462**	**9%**	**1,307**	**1,394**	7%	**13%**	**14%**
Others								
CARPET(EXCL. SILK) HANDMADE	113	120	6%	354	353	0%	4%	4%
COIR AND COIR MANUFACTURES	27	27	1%	79	80	2%	1%	1%
HANDCRFS(EXCL.HANDMADE CRPTS)	149	156	5%	445	443	-1%	5%	5%
HANDLOOM PRODUCTS	33	32	-4%	96	90	-6%	1%	1%
OTH TXTL YRN, FBRIC MDUP ARTCL	33	38	15%	96	112	17%	1%	1%
	355	**373**	**5%**	**1,070**	**1,079**	**1%**	**11%**	**11%**
Total Textiles and Made-ups	**1,610**	**1,911**	**19%**	**4,908**	**5,711**	**16%**	**50%**	**59%**
Apparel								
RMG COTTON INCL ACCESSORIES	750	734	-2%	2228	2151	-3%	23%	22%
RMG MANMADE FIBRES	496	333	-33%	1654	1036	-37%	17%	11%
RMG OF OTHR TEXTLE MATRL	270	259	-4%	926	754	-19%	9%	8%
RMG SILK	13	13	1%	48	49	2%	0%	1%
RMG WOOL	19	17	-10%	45	56	23%	0%	1%
Total Apparel	**1,548**	**1,357**	**-12%**	**4,902**	**4,045**	-17%	**50%**	**41%**
Grand Total	**3,158**	**3,268**	**3%**	**9,809**	**9,756**	**-1%**	**100%**	**100%**

Data Source: CITI Analyis based on DGCI&S, As extracted on 26th July 2018

India's Textile and Apparel Imports (In US$ Million)

Description	June'17	June'18	% change	Apr'17 - June'17	Apr'18- June'18	% change	% share of total Apr'17 - June'17	% share of total Apr'18- June'18
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	161	81	-50%	336	234	-30%	19%	12%
COTTON YARN	2	1	-37%	10	5	-47%	1%	0%
COTTON FABRICS, MADEUPS ETC.	36	41	13%	109	113	3%	6%	6%
	199	**123**	**-38%**	**456**	**352**	**-23%**	**26%**	**18%**
Jute								
JUTE, RAW	2	3	73%	8	12	55%	0%	1%
JUTE YARN	3	3	2%	10	10	9%	1%	1%
JUTE HESSIAN	-	2		1	5	295%	0%	0%
OTHER JUTE MANUFACTURES	3	3	29%	12	15	24%	1%	1%
FLOOR CVRNG OF JUTE	0	0	98%	0	0.5	46%	0%	0%
	7	**11**	**54%**	**31**	**44**	**40%**	**2%**	**2%**
Silk								
SILK,RAW	15	11	-27%	45	29	-36%	3%	2%
SILK WASTE	-	0		0	1	329%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	6	42%	12	14	15%	1%	1%
SILK CARPET	-	-		-	-		0%	0%
	18.9	**16.9**	**-10%**	**57.4**	**43.9**	**-24%**	**3%**	**2%**
Wool								
WOOL, RAW	25	30	21%	85	92	8%	5%	5%
WOLLEN YARN,FABRICS,MADEUPSETC	4	10	165%	12	27	123%	1%	1%
	29	**40**	**40%**	**98**	**119**	**22%**	**5%**	**6%**
Manmade								
MANMADE STAPLE FIBRE	32	40	24%	94	109	15%	5%	6%
MANMADE YARN,FABRICS,MADEUPS	4	182	4594%	448	578	29%	25%	30%
	36	**222**	**513%**	**542**	**687**	**27%**	**30%**	**36%**
Others								
CARPET(EXCL. SILK) HANDMADE	7	8	27%	22	25	14%	1%	1%
COIR AND COIR MANUFACTURES	1	0	-54%	2	1	-46%	0%	0%
HANDCRFS(EXCL.HANDMADE CRPTS)	54	76	41%	176	204	16%	10%	11%
HANDLOOM PRODUCTS	1	1	0%	3	4	26%	0%	0%
OTH TXTL YRN, FBRIC MDUP ARTCL	85	87	2%	254	228	-10%	14%	12%
	147	**172**	**17%**	**458**	**463**	**1%**	**26%**	**24%**
Total Textiles and Made-ups	**437**	**585**	**34%**	**1,642**	**1,709**	**4%**	**92%**	**90%**
Apparel								
RMG COTTON INCL ACCESSORIES	26	36	36%	71	98	39%	4%	5%
RMG MANMADE FIBRES	13	19	46%	37	51	38%	2%	3%
RMG OF OTHR TEXTLE MATRL	10	17	72%	29	42	47%	2%	2%
RMG SILK	0	1	101%	1	1	57%	0%	0%
RMG WOOL	1	1	-11%	2	3	34%	0%	0%
Total Apparel	**50**	**73**	**45%**	**140**	**196**	40%	8%	10%
Grand Total	**487**	**658**	**35%**	**1,782**	**1,905**	**7%**	**100%**	**100%**

Data Source: CITI Analyis based on DGCI&S, As extracted on 26th July 2018

MONTHLY EXPORT UPDATE ON TEXTILE AND CLOTHING : JUNE 2018

- India's textile and clothing exports were up by 2% from US$ **3,004** mn. in June 2017 to US$ **3,052** mn. in June 2018. However, all commodity exports of India were up by 18 % in June 2018 over the same month of previous year. Also, the share of textile and clothing in India's total exports has declined from 13% to 11% in the same period.
- Cumulative textile and clothing exports during April'18- June 2018 was to the tune of USD **8,984** mn. as against USD **9,259** mn. in April'17 – June 2017 indicating a decrease of 3%. During the April'18 - June 2018 textile exports were up by 13 % while clothing (excluding textiles) declined by 17%.
- During April'18 – June 2018, the exports of Four T&A subsectors have registered negative growth as compared to April'17–June 2017:
  - Carpets by -1%
  - Handicrafts excl. handmade carpet by -1 %
  - Apparel by - 17%
- While export of other subsectors have increased:
  - Cotton Yarn/fabric/made-ups, Handloom Products etc by 22%
  - Man-made Yarn/fabric/made-ups etc. by 8%

Monthly Export Updates of Textile and Clothing (Value in USD Mn.)

Export catagory	June-17	June-18	% Change	Cumulative (Apr'17-June 2017)	Cumulative (Apr'18-June 2018)	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products etc.	793	986	24%	2,323	2,824	22%
Man-made Yarn/Fabs./made-ups etc.	372	403	8%	1,152	1,240	8%
Jute Mfg. including Floor Covering	27	27	0%	78	76	-2%
Carpet	115	121	5%	357	354	-1%
Handicrafts excl. handmade carpet	149	158	6%	449	444	-1%
Sub-Total Textiles	**1,456**	**1,695**	16%	**4,358**	**4,938**	**13%**
Apparel	**1,549**	**1,357**	**-12%**	**4,901**	**4,046**	**-17%**
Textile and Clothing	**3,004**	**3,052**	**2%**	**9,259**	**8,984**	**-3%**
All Commodity	**23,563**	**27,702**	**18%**	**72,212**	**82,472**	**14%**
% of T&C in Total Exports	**13%**	**11%**		**13%**	**11%**	

Source: DGCI&S

Advertisement Tariff for Textile Times

If you are an Indian firm, please tick (✓) against one of the following:

	One Issue	Three issue	Six Issues	Twelve Issues (BEST OFFER)
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Inside Covers*	Rs. 15,000 ☐	Rs. 40000 ☐	Rs. 75,000 ☐	Rs. 1,40,000 ☐
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If you are a foreign firm, please tick (✓) against one of the following:

	One Issue	Three Issues	Six Issues	Twelve Issues
Cover Gate Fold* (Double Spread)	US$ 1000 ☐	US$ 2750 ☐	US$ 5250 ☐	US$ 10000 ☐
Back Cover*	US$ 550 ☐	US$ 1500 ☐	US$ 2700 ☐	US$ 5000 ☐
Inside Covers*	US$ 300 ☐	US$ 800 ☐	US$ 1500 ☐	US$ 2700 ☐
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QUICK ESTIMATES OF IIP FOR TEXTILE AND CLOTHING SECTOR (T&C): MAY 2018

T&C in Index of Industrial Production (IIP): Growth Rates (%, Y-o-Y)

Sector	May-17	May-18	April-May 2018
Textiles	-3.2	-0.5	-0.6
Wearing apparel	-6.0	-12.8	-13.0
*T&C Sector**	-4.8	-7.5	-7.7

Source: Ministry of Statistics Planning & Implementation

- The General Index for the month of May 2018 is 3.2 percent higher as compared to the level in the month of May 2017. The cumulative growth for the period April- May 2018 over the corresponding period of the previous year stands at 4.0 percent.
- Textiles (excluding apparels) were down by 0.5 percent, wearing apparel was down by (-) 12.8 percent and T&C together were also down by (-) 4.8 percent in May 2018 over the same month of previous year.
- The cumulative textile and clothing production growth were down by (-) 7.7 percent for April-May 2018 compared to the same period of previous year. Cumulative change for April-May 2018 for textiles was down by (-) 0.6 percent and wearing apparel was down by (-) 13.0 percent over the same period of previous year.

Reimbursement of Worker's Training Cost

IS YOUR TEXTILE MILL AFFILIATED TO TEXTILE SECTOR SKILL COUNCIL (TSC)?

to get reimbursement of worker's training cost from state or central government skill development schemes

- Affiliated mills are entitled for reimbursement of Rs 15,096/- per trainee from the skill development schemes.
- Affiliated mills are also entitled to get Rs 1,700/- per worker to get their existing worker's skills certified (Recognition of Prior Learning, RPL).
- In addition, they would be eligible to participate in recently launched National Apprenticeships Promotion Scheme (NAPS). The scheme finances up to Rs 1,500/- towards stipend per month per apprentice for maximum one year. The maximum number of apprentices a mill can employ is 10% of total strength (including contract workers).

Till date, more than 350 textile mills are affiliated to TSC and availed benefits from the schemes. For further details please visit www.texskill.in or write to info@texskill.in.

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TEXTILE SECTOR SKILL COUNCIL
TSC
PERFECTING SKILLS

TEXTILE SECTOR SKILL COUNCIL

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