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NEWS CLIPPINGS –02-02-2018

Insufficient allocation for textile sector	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/insufficient-allocation-for-textile-sector/article22628021.ece

Some of the announcements in the Union Budget on Thursday are expected to benefit the textile and clothing industry. However, the allocation for schemes such as Remission of State Levies (ROSL) might not meet the industry requirements, according to the textile associations.

P. Nataraj, chairman of the southern India Mills' Association, has said the government allocated Rs. 2,164 crore towards ROSL as against Rs. 1855 crore for 2017-18 for the garment and made up exports. The amount is inadequate as there is a huge backlog to be cleared even for the current financial year. The timely disbursement of dues is essential to ensure working capacity for the industry. He welcomed the announcement of a scheme for MSMEs to address issues related to NPA and stressed assets.

According to Sanjay Jain, chairman of Confederation of Indian Textile Industry, the allocation to Cotton Corporation of India has gone up from Rs. 303 crore to Rs. 924 crore for MSP operations. This will not help the industry and this year, the market prices are higher than the MSP. The hike in basic customs duty on silk fabric from 20 % to 10 % will save the industry from dumping from China. The minimum support price (MSP) on cotton will be 1.5 times the production cost. This will benefit the farmers. However, it will result in higher inflation for consumers as cotton-based textiles are 70 % of the consumption in the country.

Chairman of Cotton Textiles Export Promotion Council , Ujwal Lahoti, hoped the ammount allocated for ROSL will cover fabrics too. It is at present only for garments and made ups.

The Clothing Manufacturers' Association of India president Rahul Mehta has said that the focus on rural economy will push the demand for apparel in the domestic market. The reduction in contribution towards provident fund by women employees to 8 % for the first three years will benefit the apparel sector which employs women in large numbers. According to the Indian Texpreneurs Federation, the Corporate Tax reduction for SMEs with less than Rs. 250 crore turnover will benefit the small and medium-scale units in the textile sector. The units can now plan expenditure on solar investments. investments. The focus on agro sector is the need of the hour and the budget has done it, said Prabhu Dhamodharan, convenor of the federation.

Budget 2018: Boost for textiles exports with Rs 71.48-bn special package	Business Standard http://www.business-standard.com/budget/article/budget-2018-boost-for-textiles-exports-with-rs-7-148-cr-special-package-118020100542_1.html

Textiles exports from India are likely to get a boost with the increase in the special package for the financial year 2018-19.

Finance Minister Arun Jaitley in the Union Budget 2018-19 raised special package by 19 per cent to Rs 71.48 billion for apparel sector to boost exports. In 2016, the government had announced a special package of Rs 60 billion for the same purpose.

Rahul Mehta, President of Clothing Manufacturers Association of India (CMAI) said that the increase in the outlay looks prima facie was positive but, it is yet to be seen how impactful the enhanced outlay would be for the entire apparel value chain, he added.

Ashok G Rajani, chairman, Apparel Export Promotion Council said it was an excellent announcement and would also increase women's employment and boost export growth. He added that when the last package was given India's exports grew at 12 to 14 per cent subsequently.

Kavita Gupta, Textile Commissioner, the Ministry of Textiles, Government of India had earlier stated that the textiles and clothing industry had promised the government to bring an investment of Rs 800 billion along with creation of employment opportunities for 10 million people within three years. Already two years have passed but investment to the tunes of Rs 70 billion and employment of only 100,000 persons were achieved. "The Industry should try to fulfill its promise given to the government the Union Textile Ministry has announced the Rs 60 billion special apparel package in July 2017 and the garment and made ups Industry should take advantage of the scheme.

The domestic market growth rate of apparel industry was flat during 2017-18 due to demonetisation and GST. However, things are stabilising and the growth rate is anticipated to be between 10 and 12 per cent in the fiscal year 2018-19. On the export front, if the government does not increase duty drawback rates, there could be a possibility of negative growth in the export sector, said Mehta.

K Selvaraju, Secretary General, The Southern India Mills' Association welcomed the allocation to boost apparel and made-ups exports, 12 per cent employers' provident for the first three years, and extension of fixed term employment for all segments (earlier only for apparel and made-ups).

Indian apparel industry saw consecutively declining numbers for overall exports in October, November and

December 2017 – a fall of 39 per cent, 11 per cent and 8 per cent year-on-year, respectively – thanks to the impact of the Goods and Services Tax (GST), rolled out in July, and the discontinuance of certain export incentives. As a result, from seeking restoration of export incentives at the pre-GST rates (7.5 per cent duty drawback on cotton apparel and 3.5 per cent return of state levies or ROSL) to exemption of the 18 per cent taxes levied towards air freight charges under GST, Industry body Apparel Export Promotion Council (AEPC) has made around 8-10 demands.

"We have been asking the government to support the apparel exporters to survive. There have been blockages of funds as very few people got GST refunds between July and December. The dollar, which was worth Rs 65, came down to Rs 63, hurting exporters further. We have become uncompetitive and Bangladesh has started cashing in on this by offering its products 10-15 per cent cheaper in the global market," said H K L Magu, chairman of AEPC.

From earlier rates of 7.5 per cent duty drawback and 3.5 per cent ROSL on cotton apparel, and 9.8 per cent and 3.5 per cent on man-made apparel, the apparel-exporting industry has seen these falling to 2 per cent duty drawback and 1.5 per cent ROSL on cotton apparel, and 2.5 per cent and 1.5 per cent on man-made apparel since the rollout of GST.

Allocation for remission of State Levies for export of garments inadequate: SIMA	**Economic Times** https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/allocation-for-remission-of-state-levies-for-export-of-garments-inadequate-sima/articleshow/62743024.cms

PUNE: Textile industry has said that the budget allocation for Remission of State Levies (RoSL) for the exports of garments and made-ups is inadequate. However, it is upbeat that it will create more jobs. The Southern India Mills' Association (SIMA) has welcomed the increased allocation of Rs.7,148 crores that includes Rs.2,300 crores for Amended Technology Upgradation Fund Scheme and the balance for other schemes as against Rs.6,251 crores allocated during last year.

"Extending 12% EPF employer's contribution for the first three years of employment and also the fixed term employment for all the sectors of the industry would encourage job creation in the textile industry," said P.Nataraj, chairman, SIMA.

He has also welcomed the scheme for MSMEs to address the issues relating to NPA norms and stressed assets, a long pending demand from the industry. He has also welcomed the reduction of corporate tax rate from 30% to 25% for the units having upto Rs.250 crores annual turnover. He has stated that more than 80% of the textile units would be benefited out of the reduced corporate tax rate that would help them to plough back the amount for creating additional jobs and value addition.

Nataraj has said that the Union Budget has allocated Rs.2,164 crores for Remission of State Levies (RoSL) as against Rs.1,855 crores allotted last year for the exports of garments and made-ups. "This amount is inadequate as there is huge backlog even for the year 2017," he said pointing out that timely disbursement of government dues is very much essential to ensure adequacy in working capital and achieve a sustained growth rate in exports and job creations. He has appealed to the Government to clear the long pending RoSL benefits, IGST refund and other dues at the earliest to ease the financial position of the exporters.

Atul Ganatra, president, Cotton association of India said that the budget will be good for cotton industry. "Increase in MSP will encourage the farmers to grow cotton without as cotton MSP may go up next season. The government has stationed more than Rs 7000 crore for textile sector, which will boost the textile industry and the effect of this will be seen on cotton trade since it is related to textile sector."

Nothing much to cheer: Tirupur industrialists	**The Hindu** http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/nothing-much-to-cheer-tirupur-industrialists/article22628019.ece

The Union Budget 2018-19 did not look to have cheered different segments of population in Tirupur industrial cluster. The decision to re-introduce taxes on long-term capital gains, increase cess component in the personal income tax, and lack of any references to key issues in the Goods and Services Tax like on the reverse charge mechanism that was bothering the apparel-sector, have been cited as the major disappointments.

“A big opportunity was wasted to permanently set right the legislative lacunae in the GST because the Budget did not mention on any amendments on reverse charge mechanism by which recipient of goods from unregistered supplier have to pay the tax, said S. Dhananjayan, a senior chartered accountant and advisor to many textile bodies.

“Nothing much to cheer about from the Budget as the allocations to the textile sector looked not high enough to settle the ROSL pending claims of apparel segment which as of now is about Rs. 2,500 crore. With made-up articles also now been brought under ROSL, it needed huge capital”, opined Tirupur Exporters Association president Raja Shanmugam.

“The people are choosing equities as better savings opportunity in view of low bank interests”, said R. M.

Senthilkumar, former chairman of Institute of Chartered Accountants of India (Tirupur branch).

Mega gains for micro biz; leg up for leather, textiles	**Times of India** https://timesofindia.indiatimes.com/city/chennai/mega-gains-for-micro-biz-leg-up-for-leather-textiles/articleshow/62748077.cms

The announcements in the Union Budget for micro, small and medium enterprises (MSMEs) and employment-heavy industries like leatherand textiles would benefit the state which leads in textile, SME and leather sectors. The host of sops announced for new employees in export-oriented sectors in the budget would make them competitive, industry representatives say.

The leather industry is the biggest beneficiary in recent times, with not only the budgetary benefits but also the Rs 2,600 crore special package announced in December. The state contributes more than 35% of the total exports and has leather clusters in Ambur and Vaniyambadi in Vellore.

Reduction in the minimum employment period from 240 days to 150 days and the additional 30% income tax deduction for leather and footwear sector for new employees would encourage more employment, industry sources say. "The extension of 25% reduced corporate tax to MSME units having turnover of up to Rs 250 crore will benefit the leather and footwear industry as 90% of the industry is concentrated in the MSME segment," said Aqeel Panaruna, vice-chairman, Council for Leather Exports.

"Enhancement of customs duty on footwear from 10% to 20% will enhance competitiveness of domestic footwear industry and will promote Make in India programme," he said. The budget has also made provisions for modernisation of 200 units, upgrade of existing campuses and placement-linked skill development training to 1.44 lakh unemployed people.

For small and medium-sized businesses with Rs 50 crore to Rs 250 crore turnover, the finance minister announced a reduction in income tax from 30% to 25% . "The 5% saving that I make can be used for innovation. Having our own reserve is now an advantage for funding R&D," said S Sampath, CEO, Velmurugan Heavy Engineering Industries, Trichy. Tamil Nadu has 6.89 lakh registered SMEs contributing to over 15% of the total units in the country.

For the textile industry, the benefits would help battle competition with sops narrowing the difference in wages with competing nations, officials said. Wages, which account for about 12% to 15% of the production costs in garment making, are about 25% cheaper in Bangladesh, a key competitor for the country in textile exports.

"These initiatives will help the sector to become competitive and face challenges from Bangladesh, Sri Lanka, and Vietnam," said A Sakthivel, regional chairman, Federation of Indian Export Organisations, southern region. "Extending 12% EPF employer's contribution for the first three years and also fixed term employment would encourage job creation in the textile industry," said P Nataraj, chairman, Southern India Mills' Association. "About 80% of textile units would benefit from the new corporate tax rate," he said.

Garment units in Tirupur were given incentives that included the Centre bearing employer's contribution to the employee provident fund for new workers who are earning less than Rs 15,000 per month during the first three years and an increase in overtime from three hours to eight hours per week in June 2016.

Reduction in tax for MSMEs to benefit TN textile firms	**Fibre 2 Fashion** http://www.fibre2fashion.com/news/textile-news/reduction-in-tax-for-msmes-to-benefit-tn-textile-firms-240392-newsdetails.htm

The reduction of corporate tax to 25 per cent for companies with turnover upto Rs 250 crore will benefit textileand garment firms in Tamil Nadu, according to the Coimbatore based Indian Texpreneurs Federation (ITF). The textile body also welcomed the increase in budgetary support to the textile sector in the Union Budget 2018-19 laid in Parliament today.

“This Budget will infuse confidence among the medium-sized companies in India,” commented ITF convenor Prabhu Dhamodharan soon after finance minister Arun Jaitley finished his Budget speech.

Explaining the benefit of reduction in corporate tax, Dhamodharan said, “Majority of Spinning and apparel companies in Tamil Nadu are within the Rs 250 crore turnover bracket. So, the tax reduction to 25 per cent will give a direct benefit to us and it will help us to speed up our plans in solar investments to achieve self-sustaining status in our energy requirements.”

He also welcomed the 20 per cent increase in budgetary support to the textile sector, which has now increased to Rs 7,148 crore for 2018-19. He said that this will help the textile sector, as it will result in clearance of pending ROSL dues.

He hailed the proposed schemes to encourage bond markets in India, as it will help the Indian corporate sector to explore alternative financial options like bonds.

However, the major focus of the budget was development of the agricultural and rural economy. “Focus on agro sector is the need of the hour and this budget rightly focused on the same. The (new) budgetary supports may help in achieving more yield per hectare in cotton and more crop output will help Indian textile sector in the long run," Dhamodharan said.

Budget evokes mixed reaction from trade and industry	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/budget-evokes-mixed-reaction-from-trade-and-industry/article22628024.ece

The trade and industry here welcomed some measures announced in the Budget and expressed disappointment over a few others. The Federation of Indian Export Organisations Southern Region chairman A. Sakthivel said there were a slew of measures that will benefit MSMEs. However, the textile industry should be helped to face challenges and competition from the neighbouring countries.

Chairman of Confederation of Indian Industry, Coimbatore Zone, S. Narayanan said many of the measures in the Budget are in line with CII recommendations, such as incentives for new jobs and extending fixed term employment. The industries will gain with the government's efforts to increase employment and encourage entrepreneurship. Welcoming the budget proposals, the Indian Chamber of Commerce and Industry president Vanitha Mohan said there is no additional tax on the industry. But, the State Government should ensure that some of the schemes in the Budget benefit the agriculture and manufacturing sectors in the State. Coimbatore should be selected as one of the locations for a food park.

The Coimbatore and Tirupur Districts Tiny and Micro Entrepreneurs Association president S. Ravikumar said micro units should get loans at 8 % interest. Coimbatore should get a public sector undertaking. The Tamil Nadu Association of Cottage and Tiny Enterprises Association president J. James said there is no specific announcement for micro units. The budget is disappointing as it does not give any relief to the job working micro units. The Coimbatore Compressor Industries Association has said that though the farm sector gets a lot of focus the thrust on MSMEs is not the same. There are no efforts to control prices and the reduction in corporate tax extended to limited companies should be for partnership companies too.

GST: E-way bill implementation deferred due to glitches	Indian Express http://indianexpress.com/article/india/gst-e-way-bill-implementation-deferred-due-to-glitches-5048179/

After implementation of the Goods and Services Tax (GST) from July 1, the requirement of carrying e-way bill was postponed pending IT network readiness.

The government on Thursday deferred implementation of the requirement to carry e-permits for inter-state transportation of goods following technical glitches. GST provision requiring transporters to carry an electronic waybill or e-way bill when moving goods between states was to be implemented from today to check rampant tax evasion.

"In view of difficulties faced by the trade in generating e-way bill due to initial technological glitches, it has been decided to extend the trial phase for generation of e-way bill, both for inter and intra-state movement of goods. It will be applicable from a date to be notified," the Central Board of Excise and Customs (CBEC) tweeted.

After implementation of the Goods and Services Tax (GST) from July 1, the requirement of carrying e-way bill was postponed pending IT network readiness. GST Network, the company developing the I-T backbone for the new indirect tax regime, had been conducting trial runs for the e-way bill system since January 17, during which a whopping 2.84 lakh such permits were issued on the portal.

However, with the formal launch of the e-way bill today, the system witnessed technical glitches. Sources said the along with inter-state e-way bill generation by all states, 17 states also started generating such permits for intra-state movement of goods, which created pressure on the portal.

Central Board of Excise and Customs (CBEC) Chairperson Vanaja Sarna today held a review meeting to discuss on streamlining the system. The all-powerful GST Council had on December 16 decided to implement the e-way bill mechanism for intra-state movement of goods from June 1 and from February 1 for inter-state movement.

E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). Movement of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill.

The e-way bill can also be generated or cancelled through SMS. When an e-way bill is generated, a unique e-way bill
number (EBN) is allocated and is available to the supplier, recipient, and the transporter. Transporters, who want to generate e-way bill, can visit the 'ewaybill.nic.in' portal and register themselves by giving the GSTIN.

Transporters, who are not registered under GST, can enrol themselves under e-way bill system by providing their PAN or Aadhaar to generate the e-way bill. E-way bill will bring uniformity across the states for seamless inter-state movement of goods.

Union Budget 2018: Customs duty on silk fabrics doubled to 20%	Hindustan Times https://www.hindustantimes.com/india-news/union-budget-2018-customs-duty-on-silk-fabrics-doubled-to-20/story-uLqW3SwW7tOiHsqivywE1M.html

According to the Budget 2018-19, customs duty on silk fabrics has been raised from 10 per cent to 20 per cent. Silk exporters, however, said the move would hit shipments of silk garments from India.

Finance Minister Arun Jaitley today proposed doubling of customs duty on silk fabrics to 20 per cent to provide “adequate protection to domestic industry”. According to the Budget 2018-19, customs duty on silk fabrics has been raised from 10 per cent to 20 per cent. Silk exporters, however, said the move would hit shipments of silk garments from India. “This (hike) is going to hamper silk garment exports, which are already suffering,” Indian Silk Export Promotion Council Chairman Satish Gupta told PTI.

“The majority of silk fabrics are imported from China. We are uncompetitive already and this will make things worse. We have been pleading with the government to lower the duty to 5 per cent,” Gupta said. “In 2016-17, the export of silk garments from India was to the tune of USD 160 million against approximately USD 200 million in 2015-16. The duty impact is making our garments expensive in the international market,” T S Chadha Executive Director, the Indian Silk Export Promotion Council said.

Meanwhile, the Confederation of Indian Textile Industry welcomed it by saying the imports after GST rollout were negatively impacting the industry. The hike in customs duty will encourage the domestic industry and push the Make in India programme further, it added.

Chinese imports via Bangladesh route hurting local textile industry: Punjab Pradesh Beopar Mandal	KNN India http://knnindia.co.in/news/newsdetails/sectors/chinese-imports-via-bangladesh-route-hurting-local-textile-industry-punjab-pradesh-beopar-mandal

New Delhi, Feb 1 (KNN) The flow of Chinese yarn and finished fabric through the Bangladesh route is giving a difficult time to the textile industries at home, comprising primarily of the Micro, Small and Medium Enterprises (MSMEs), Punjab Pradesh Beopar Mandal said.

Punjab Pradesh Beopar Mandal president PL Seth in a press interview raised that China is exploiting and entering the market at cheap price by routing its material through Bangladesh. “Since Bangladesh is exempted from paying any duty under the SAARC agreement, Chinese yarn and finished fabric is able to enter our markets through Bangladesh”, Seth said. Along with the local textile industry, local dress material industry as well as printing industry is at stake due to the unfavourable competition, he added. Industrial areas of Ludhiana in Punjab as well as Bhilwara in Rajasthan houses a number of textile units making different kinds of fabrics including suiting, shirting, blazer and blankets. With the market condition moving from bad to worse, these units as well as the large share of population that finds employment in these units are nearing a vulnerable stage, Seth said.

With GST in play, CBEC gets name change to CBIC	**Economic Times** https://economictimes.indiatimes.com/news/economy/policy/with-gst-in-play-cbec-gets-name-change-to-cbic/articleshow/62742458.cms

The Central Board of Excise and Customs will be renamed as Central Board of Indirect Taxes and Customs as the roll out of GST has subsumed indirect taxes, Finance Minister Arun Jaitley said today. "With the roll out of GST, I propose to change the name of Central Board of Excise and Customs [CBEC] to Central Board of Indirect Taxes and Customs [CBIC]," the minister said while reading out the budget speech in Parliament. He said necessary changes in the law for effecting the name change are proposed in the Finance Bill. This is the government's first budget after the roll out of the Goods and Service Tax in July 2017. Excise duties to a large extent and service tax have been subsumed in GST, along with corresponding duties on imports.

Cotton buying picks up	**Dawn.com** https://www.dawn.com/news/1386716/cotton-buying-picks-up

Falling cotton prices attracted some buying on Thursday but the market mostly remained dull. Overall undertone was weak and outlook uncertain.

The last three day's general lethargy came to an end as renewed buying at the lower level was noted. Falling cotton prices attracted some spinners who eagerly replenished their stocks.

However, the cotton yarn market continues to be sluggish as the value-added sector is keenly observing international markets where a weak US dollar against other major currencies continues to depress commodity prices. Meanwhile, Pakistan Cotton Ginners Association (PCGA) Chairman Haji Mohammad Akram appreciated the Plant Protection Department's move to stop entry of cotton through land routes as this will disallow contaminated cotton to enter the country. He also urged the department to strictly monitor cotton being imported through sea route.

He was highly critical of the government's decision to remove tax and duties on import of cotton. "This is damaging growers and ginners' interest as they still hold substantial stocks of cotton," he said.

The world leading cotton markets also witnessed some revival with New York cotton managing to partially recover from recent losses. The Chinese and Indian markets also recovered. The Karachi Cotton Association (KCA) spot rates were steady at overnight level. The following deals were reported to have changed hands on ready counter: 6,598 bales, Daharki, at Rs7,000; 600 bales, Saleh Pat, at Rs6,600; 418 bales, Kotri, at Rs5,800; 920 bales, Mirpurkhas, at Rs5,100; and 1,000 bales, Yazman, at Rs7,300.

The agony and ecstasy of MSP: What's good for farmers may hurt your pocket	**Economic Times** https://economictimes.indiatimes.com/small-biz/sme-sector/the-agony-and-ecstasy-of-msp-whats-good-for-farmers-may-hurt-your-pocket/articleshow/62740772.cms

Textile industry, which has been consistently seeking help from government for its MSMEs, has conveyed mixed feelings on the announcements made by the finance minister Arun Jaitley in his budget speech in Lok Sabha.

"Overall it is a balanced budget. Several measures have been announced which will benefit the MSME sector and since 99% of the textile industry fall under the MSME sector this is good news," said Confederation of Indian Textile Industry, Chairman, Sanjay Jain.

The good news

The FM announced a comprehensive package of Rs. 7148 crore for the textile industry in his budget presentation. This has cheered the industry which has been struggling with a backlog of ROSL (rebate on state levies) on exports.

The increase in allocation from Rs 6000 crore to Rs 7148 crore is a big plus. We will have to see the break-up of this allocation, but presuming it is in line with last year's percentage break-up, it will make more money available for ROSL which has a big backlog. This will consequently help export of madeups and apparels," said Jain.

The two big announcements made by the government pertaining to the MSME sector: extension of reduced corporate rate tax of 25% for companies with a turnover of up to Rs 250 crore and the promise to "soon announce measures to effectively address NPAs and stressed accounts for MSMEs," will have a far reaching impact on the textile industry.

The government has also included the textile sector in its fixed term employment system which was earlier made available only for the madeups and apparel segments.

The bad news

To comply with the government's vision to double farmers' income by 2022, the finance minister announced the formula for minimum support price will now be applicable to all crops. "In our party's manifesto it has been stated that the farmers should realize at least 50% more than the cost of their produce. In other words, one and half times of the cost of their production. We have decided to implement this resolution as a principle for all the crops. I am pleased to announce that as per pre-determined principle, government has decided to keep MSP for the all unannounced crops of kharif at least at one and half times of their production cost. I am confident that this historic decision will prove an important step towards doubling the income of our farmers," said Jaitley in his speech.

While the move is a welcome initiative for the cotton farmers, it may end up increasing the burden of the MSMEs dealing with cotton fabric. "The biggest highlight of budget is the announcement of MSP for cotton. We are still working out the figures, but this move will definitely result in a high inflation in cotton and though the farmers will gain but the rest of India will have to pay a higher price for clothing," said Jain.

The move will also end up making the domestic cotton uncompetitive vis-a-vis international prices, added Jain. He said that the textile industry, comprised mainly of MSMEs should not be made to carry the burden of increased cotton rates.

"Our contention has been that the MSP burden should not be transferred to the rest of the chain but that the farmers should be given a direct subsidy. The government could get into a similar trap which had Chinese government in a tangle five years back when they tried to sell their cotton for much above the natural prices and though they moved to direct subsidy two years back, the industry is still saddled with unsold stock," warned Jain. The industry has been asking the government for increase in import duty and export incentives to correct the imbalance caused by the introduction of GST.

The foreign trade data released by the Ministry of Commerce and Industry for the month of December 2017 revealed a 3% decline in CAGR in textiles and apparel exports compared to the corresponding period December 2016. The exports of Textiles and Apparel stood at $ 2996 million during December 2017 as against $ 3075 million in December 2016. However, the cumulative export has slightly improved by 2% CAGR as the exports stood at $ 26,136 million in April-Dec 2017 in comparison to $ 25,721 million .

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The imports on the other hand saw an increase during the same period imports of textiles during December 2017 stood at US$ 165.34 in comparison to US$ 137.24 in December 2016, registering a rise of 20.48 per cent. The FM did not announce an increase of 10% in import duty but only on silk fabric the industry is getting dumped with imports from China. We have been demanding increase in the basic custom duty across the chain - yarn and fabric - and it is a big disappointment for the industry. The whole industry is being hit by imports post GST, but now we will have to live with it," said Jain signing off.

Strands of discontent in the textile industry	**Business Line** http://www.thehindubusinessline.com/economy/budget/budget-2018-strands-of-discontent/article22625213.ece

The sector wants higher duty drawback rates, refund of State levies

The Budget allocation for the labour-intensive textiles sector — which provides jobs to about 45 million people — increased 14.7 per cent over the previous year to ₹7,148 crore.

The rate of growth in allocation for the new fiscal, however, is less than half the increased allocation of over 30 per cent to ₹6,226.5 crore in 2017-18. The textile sector, which is facing double trouble in the form of lower exports, especially of garments, and higher imports from countries such as Bangladesh, had sought higher rates of reimbursement under the duty drawback and refund of State levies (ROSL) following the implementation of the new GST regime.

It also demanded higher disbursement under the Amended Technology Upgradation Fund Scheme (ATUFS).

“Adequate budgetary allocation for schemes such as refund of State levies and interest subvention benefits can help improve competitiveness of textile exporters and boost export growth,” industry analyst ICRA had said in a pre-Budget note.

While allocation for the ATUFS has been raised to ₹2,300 crore in 2018-19 from ₹1,956 crore in 2017-18, it is still lower than the allocation of ₹2,622 crore in 2016-17.

Provision for ROSL for 2018-19 is higher at ₹2,222 crore compared to ₹1,939 crore last year, but the ROSL rates remain unchanged.

“The industry was hoping for some support to mitigate the financial crunch, especially because it faced a severe reduction in the drawback and RoSL benefits. The industry is looking forward to increased interest subvention from the existing 3 per cent to 6 per cent, to help stay competitive, as several other countries have much lower interest rates,” pointed out HKL Magu from the Apparel Export Promotion Council.

As per industry calculations, under the new GST and drawback rules, reimbursements of taxes for the sector has dropped to the extent of 7 per cent (of the value of exports), whereas an additional incentive of 2 per cent was given to the sector in the foreign trade policy review in December. This resulted in a shortfall of 5 per cent, leading to a fall in exports, according to AEPC.

Exports down

Export of garments and textiles fell 3 per cent in December 2017 to $2.99 billion, although in the April-December 2017 period it grew 2 per cent at $26.13 billion.

According to figures compiled by textile body CITI, India's imports of garments from Bangladesh increased 66 per cent to $111.3 million during July-December 2017 compared to $66.9 million in the same period last year.

FM hikes textile outlay to Rs 7148 cr, doubles customs duty on	**Outlook India** https://www.outlookindia.com/newsscroll/fm-hikes-textile-outlay-to-rs-7148-cr-doubles-customs-duty-on/1244055

Finance Minister Arun Jaitley today hiked the outlay for the textiles sector to Rs 7,148 crore for 2018-19 and announced doubling of customs duty on silk fabric to 20 per cent.

The revised outlay for the Ministry of Textiles was Rs 6,250.8 crore in the current financial year, budget documents showed.

"The government had approved a comprehensive textile sector package of Rs 6,000 crore in 2016 to boost the apparel and made-ups segments. I now propose to provide an outlay of Rs 7,148 crore for the textile sector in 2018-19," Jaitley said while presenting the Budget 2018-19 in Parliament.

"Grateful to PM @ narendramodi ji & FM @arunjaitley ji for allocating Rs 7,148 crore for Textiles that will stimulate growth of the sector (sic)," Union Textiles Minister Smriti Irani said in a tweet.

The budget documents also showed that the proposed allocation for Remission of State Levies (ROSL) has been increased from Rs 1,855 crore in 2017-18 to Rs 2,163.85 crore in the coming financial year.

"This will help the exporters of made-ups and apparels as backlog will be cleared and working capital released," Confederation of Indian Textile Industry Chairman Sanjay Jain said.

According to the budget documents, the proposed outlay for the Amended Technology Upgradation Fund Scheme has also been raised to Rs 2,300 crore from Rs 1,956 crore.

Jain said this would mean that companies will get their arrears faster.

"Basic custom duty on silk fabric increased to 20 per cent from 10 per cent would save the industry from dumping from China. The industry post GST is facing higher imports across the value added segment and was seeking increase in BCD across yarn and fabric, hence disappointed with this partial measure," Jain said.

However, silk exporters expressed unhappiness over the doubling of customs duty on silk fabric.

"This (raising customs duty from 10 to 20 per cent) is going to hamper the silk garment exports which are already suffering," Indian Silk Export Promotion Council Chairman Satish Gupta told

Coimbatore, Feb 1 The textile industry in the region today hailed the budget presented by Finance Minister Arun Jaitley.

Tirupur Exporters Association president Raja M Shanmugham welcomed the announcement of allocation of Rs 7,148 crore for Textile Sector of which Rs 2,300 crore has been allotted to Amended Technology Upgradation Fund Scheme and Rs 2,164 Crore for Remission of State Levies.

In a statement, he also welcomed the extension of corporate tax at 25 per cent to the companies turnover up to Rs 250 crore in the financial year 2016-17 which is beneficial particularly to the medium enterprises.

He lauded the announcement on launching of flagship National Health Protection Scheme to cover over 10 crore poor and vulnerable families providing coverage up to 5 lakh rupees per family per year for secondary and tertiary care hospitalisation and added this will be beneficial to the employees in Tirupur cluster also.

In a separate statement, Southern India Mills Association chairman P Nataraj also welcomed the increased allocation of Rs 7,148 crores.

Extending 12 per cent EPF employer’s contribution for the first three years of employment and also the fixed term employment for all the sectors of the industry would encourage job creation in the textile industry, he pointed out.

Union Budget 2018: Demands not met, textile and diamond industries in Gujarat sulk	Indian Express http://indianexpress.com/article/business/budget/union-budget-2018-arun-jaitley-gujarat-textile-and-diamond-industries-5048548/

Expressing shock, the industry experts claimed that the Budget had been made keeping in mind the 2019 General elections and major beneficiaries were farmers and rural people," said SGCCI president P M Shah.

The diamond and textile industries in Gujarat were unhappy, with many of their demands not met in the Union Budget announced by Finance Minister Arun Jaitley on Thursday. Representatives of both industries had made pre-Budget suggestions to the Central government on the steps to be taken for the benefit of both industries as over 20 lakh people are associated with them.

The textile industry had been badly affected by demonetisation, Goods and Services Tax (GST) and e-way bill. The industry experts had claimed that due to the hard steps taken by the government, the downfall of the industry had started as large numbers of shuttle machines had been scrapped in Surat and even the production of textile fabrics had gone down by up to 40 percent. Many weavers and traders switched over to other businesses.

At Southern Gujarat Chamber of Commerce and Industry (SGCCI), experts from different sectors were called and discussions on the Union Budget were carried out. "Expressing shock, the industry experts claimed that the Budget had been made keeping in mind the 2019 General elections and major beneficiaries were farmers and rural people," said SGCCI president P M Shah.

Gems and Jewellery Export Promotion Council Chairman Dinesh Navadia said, "We had given suggestions and had pinned hope on the Centre for the betterment of the industry, but our hope has remained hope."

The Budget has belied the expectations of the the textile industry as well. Federation of Indian Art Silk Weavers Industry (FIASWI) Chairman Bharat Gandhi said, "The import duty on the pure silk had been increased from 10 per cent to 20 per cent which will benefit the local pure silk industry people. This will give major boost to the local pure silk industry. The pure silk manufacturers are found in Surat, Bhagalpur, Varanasi, Bengaluru, etc."

The Federation of Surat Textile Traders Association president Manoj Agrawal said, "The local textile industry has been facing great problems due to input tax credit in GST, e-way bill and the recommendations were not looked at. Some relaxations were expected from the Finance Minister, but nothing has come out. The daily production in the industry has gone down by 40 per cent after GST and e-way bill."

Girdhargopal Mundra, chairman of Madhusudan Group, a major textile group of Surat, said, "The Budget was unsatisfactory for the textile industry. The Government should have thought about taking steps to increase the

GDP, and for that some promotions should be given to textile exports.”

Industry warns clothes may cost more	**Times of India** https://timesofindia.indiatimes.com/business/india-business/industry-warns-clothes-may-cost-more/articleshow/62748677.cms

The Budget promises to boost jobs in the labour-intensive textile sector with an allocation of Rs 7,148 crore, up from Rs 6,000 crore in 2017-18, even as industry insiders say the proposal to raise MSP to 1.5 times the cost of production is a major concern for the industry.

"Cotton prices may go up by an estimated 22% if the MSP increases. This will cause a major increase in textile and apparel prices and, in turn, burn a hole in consumers' pockets," said Sanjay Jain, chairman, Confederation of Indian Textile Industries.

Textile sector gives thumbs down to Budget	**Tribune india** http://www.tribuneindia.com/news/punjab/textile-sector-gives-thumbs-down-to-budget/537414.html

Grappling with capital crunch and dwindling export orders, the state’s textile industry is dissatisfied with the allocation of Rs 7,148 crore for the sector in the Union Budget.

In Punjab, there are over 12,000 units in the textile sector — ginning, spinning, knitting, apparel, garmenting etc. and major source of employment.

HKL Magu, chairman, Apparel Export Promotion Council, said: “Finance Minister Arun Jaitley has merely made a budgetary allocation for the special package of Rs 6,000 crore announced by the government in 2016, so there is nothing new about it. The manufacturers are struggling with a fund crunch as the industry is yet to receive Rs 4,000 crore in the form of Goods and Services Tax (GST) refund. We were expecting incentives for research & development (R&D) in the apparel sector. Every year, an industry spends 2-3 per cent of its turnover on R&D.”

“We have been asking the government to help apparel exporters survive. Very few people have got GST refund between July and December,” he added. Manufacturers said they had become uncompetitive, even as Bangladesh was offering its products 10-15 per cent cheaper in the global market.

“We have sought reduction in GST on man-made fibres from 18 per cent to 12 per cent. However, the issue was not addressed in the Budget. The social welfare surcharge of 10 per cent on imports will make imported raw material costlier, which will hit exports," said Rashim Jindal, Head, Marketing & Raw Material, Sportking India Ltd.

Ajit Lakra, president, Ludhiana Knitters' Association, said, "The increase in the outlay, prima facie, looks good, but it will depend on the implementation. We are disappointed with the Budget as the industry's concerns have not been addressed. The implementation of GST is still hounding the industry."

Ludhiana is the hub of the knitwear industry in Punjab with around 5,000 units, mostly in the MSME (Micro, Small and Medium Enterprises) sector.

The domestic market growth rate of the apparel industry was flat during 2017-18 due to demonetisation and GST. On the export front, if the government does not increase duty drawback rates, there could be a possibility of negative growth in the export sector. The Indian apparel industry saw declining numbers for overall exports in October, November and December 2017 – a fall of 39 per cent, 11 per cent and 8 per cent year-on-year, respectively, mainly due to the impact of GST and the discontinuation of certain export incentives.