



PRESS RELEASE

AEPC welcomes the changes in the GST rates of manmade fiber; hails the move to refund GST and introduction of e-wallet facility for exporters

New Delhi, October 7, 2017: Apparel Export Promotion Council (AEPC) has hailed the slew of measures taken by the GST Council under the Chairmanship of Shri Arun Jaitely Union Finance Minister in its 22nd meeting held on 6th Oct. 2017. AEPC views that these measures will give immediate relief to the Apparel exports sector which has been going through a difficult stressful phase due to various factors both global and domestic. These measures include reduction in the rate of GST on man made items viz synthetic filament yarn such as nylon, polyester and acrylic etc. and artificial filament yarn, yarn of manmade staple fibres, real zari from 18% to 12%. The GST council has also made a provision for refund of GST for the month of July by 10th October and for August by 18th October which will ease the working capital stress. A facility of e wallet has also been introduced for addressing the refund issue.

Commenting on the move, Mr. Ashok Rajani, Chairman, AEPC said, "The changes which have been announced by GST Council after its meeting yesterday will give a great relief to the apparel Industry for the immediate term, as the sector has been facing severe liquidity crunch after the introduction of GST. The AEPC would like to thank the various Government Departments which have been working closely with all the stakeholders for considering the plea of its members and reducing the rate of various man made raw material items. However, since the duty structure remains inverted with fabric at 5% GST, we are hopeful that the embedded taxes arising out of this inverted structure will be refunded to exporters through appropriate mechanisms."

AEPC welcomed the trade facilitation measures like starting refunds of IGST paid on goods exported outside India from 10th October itself, with backlogs to be cleared expeditiously, proposed single window refunds of IGST paid on supplies to SEZs and of inputs taxes on exports under Bond/LUT and extending the Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) schemes to sourcing inputs from abroad as well as domestic suppliers. "We wholeheartedly welcome the move of creating the facility of e wallet and would like to thank Hon. Finance Minister, Hon. Commerce minister and Hon. Textile Minister for this relief to the industry which is straddled with blocked capital", **said Mr Rajani.**

AEPC has been raising the issue of embedded taxes on exports at various forums. This key issue needs to be taken up in a considerate manner to address the genuine concerns of the exporters and export sentiments. This is important especially in the wake of encouraging transparency, post GST. AEPC is of the view that these invisible taxes which need to be considered for refund under drawback and ROSL schemes, so that the calibrated refund provided is representative of the tax incidences incurred by the industry. In its representation to the concerned Ministries, AEPC has informed that in the absence of encouraging duty drawback and ROSL, exports will further witness a sharp decline just ahead of the peak festival season.

Appreciating rupee and the instance of new levies like GST on intra company stock transfers, job work, freight and samples imposed in the GST regime have led to cost escalation for exporters further narrowing their low margins in highly competitive global apparel markets. AEPC has been in constant consultation with Commerce and Textile ministries along with Niti Aayog on the issue of restoration of Old duty drawback rates till the new rates, reflective of the total tax incidences is not worked out.

About Apparel Export Promotion Council (AEPC)

Incorporated in 1978, AEPC is the official body of apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/ international buyers who choose India as their preferred sourcing destination for garments. In recent years AEPC has worked tirelessly in integrating the entire industry - starting at the grass root level of training the workforce and supplying a steady stream of man power to the industry; identifying the best countries to source machinery and other infrastructure and brokering several path breaking deals for its members and finally helping exporters to showcase their best at home fairs as well as be highly visible at international fairs the world over. With AEPC's expertise and all the advantages that India has, it makes for a truly win-win situation - Indian exporters grow stronger each year in their achievements, skills and proficiency, while international buyers get superior solutions for their garment imports.

Web site: <http://www.aepcindia.com/>

For further information, please contact:

Chandrima Chatterjee -advisorcc@aepcindia.com (9810448917)

Sitanshu Narad- pro@aepcindia.com (7838457472)