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CIRCULAR

Key Highlights of Union Budget 2021-22 for Apparel Sector

Dear Members,

The key highlights of the Union Budget 2021-22 **for Apparel Sector** are as follows:

1. Mega Investment Textiles Parks (MITRA) Scheme

- 7 Textile Parks to be established over 3 years
- Textile industry to become globally competitive, attract large investments and boost employment generation & exports
- The Mega Integrated Textile Region and Apparel (MITRA) Park Scheme with state of the art infrastructure, common utilities, R&D Lab, Workers' Family Accommodation, etc and plug-and-play facilities will address the issue of scale. The common facilities and plug and play model will also facilitate medium sized units to participate in the scheme.

2. Production Linked Incentive scheme (PLI)

- Rs. 1.97 lakh crore in next 5 years for PLI schemes in 13 Sectors (Includes MMF garment and Technical sector)
- Approved financial outlay of Rs. 10683 crore for Textile Products (MMF segment and technical textiles) over a five-year period

3. Easing Compliance requirement of Small companies

Easing Compliance requirement of Small companies by revising their definition under Companies Act, 2013 by increasing their thresholds for Paid up capital from “not exceeding Rs. 50 Lakh” to “not exceeding Rs. 2 Crore” and turnover from “not exceeding Rs. 2 Crore” to “not exceeding Rs. 20 Cr”

4. EPC related changes

AEPC is issuing Export Performance Certificate (EPC) for import of items, permitted under S.No.288 (lining and inter-lining materials) and items permitted under S.No.311 (trimmings and embellishments etc.) subject to condition at S.No.28 of the Notification 50/2017-Customs dated 30.06.2017. The items covered under Serial No 311 are as under:

311	Fasteners including buttons & snap fasteners, zip fasteners including zippers in roll, sliders/ pullers & end stoppers, and parts thereof	52 or Any Chapter
(a)		
(b)	Inlay Cards	52 or Any Chapter
(c)	Shoulder Pads	52 or Any Chapter
(d)	Buckles	52 or Any Chapter
(e)	Eyelets	52 or Any Chapter
(f)	Hooks and eyes	52 or Any Chapter
(g)	Rivets	52 or Any Chapter
(h)	Collar stays, collar patties, butterfly and other garment stays including plastic stays	52 or Any Chapter
(i)	Fusible and non-fusible embroidery, motifs or prints	52 or Any Chapter
(j)	Laces	52 or Any Chapter
(k)	Badges including Embroidered badges	52 or Any Chapter
(l)	Embroidery threads	52 or Any Chapter

(m)	Sewing Thread	52 or Any Chapter
(n)	Stones (Other than precious & semi-precious)	52 or Any Chapter
(o)	Sequin	52 or Any Chapter
(p)	Tape, Elastic tape & hook (tape of width not exceeding 75 mm)	52 or Any Chapter
(q)	Velcro tape	52 or Any Chapter
(r)	Cord & cord stopper	52 or Any Chapter
(s)	Toggles	52 or Any Chapter
(t)	Poly wadding Materials	52 or Any Chapter
(u)	Stud	52 or Any Chapter
(v)	Elastic cloth and elastic band	52 or Any Chapter
(w)	Quilted wadding materials	52 or Any Chapter
(x)	Beads for embroidery	52 or Any Chapter
(y)	Sample fabric of total length upto 1000 metre imported during one financial year	52 or Any Chapter
(z)	Printed Bags	52 or Any Chapter
(za)	Knitted Ribs	52 or Any Chapter
(zb)	Anti-theft devices like labels, tags & sensors	52 or Any Chapter
(zc)	Bobbin Elastic	52 or Any Chapter
(zd)	Textile Flowers	52 or Any Chapter
(ze)	Water soluble lining, poly pouch, high density sticker, heat transfer sticker	52 or Any Chapter
(zf)	Anglets on draw strings-hooded jacket	52 or Any Chapter
(zg)	Bra cup, bust cup, moulded cups for bra and metal underwire for bra	52 or Any Chapter
(zh)	Hook and bar, extra button covers-plain, ribbons, waist bands, shooter pin, O Ring, thermo strips and metal clip	52 or Any Chapter
(zi)	Pin bullets for packing, plastic tag bullets, metal tabs, bows, ring & slider and rings	52 or Any Chapter

Now, items permitted under S.No.311 (trimmings and embellishments etc.) have been deleted and accordingly these items will not be allowed to be imported without payment of duty under EPC, issued by the AEPC under fresh Notification No. 2/2021-Customs dated 1.2.2021, w.e.f. 1.4.2021. Items permitted under S.No.288 (Lining & Interlining) will continue to be permitted under EPC.

5. Duty free import of Tags, Labels etc.

S.No.257 of the earlier Notification 50/2017-Customs dated 30.06.2017, was allowing import of tags, labels, sticker, belt, button or hanger without payment of duty. Now, this entry has been amended and now in addition to these items, printed bags are also allowed to be imported without

payment of duty, subject to conditions given at S.No.108 of the Notification No.2/2021-Customs dated 1.2.2021. S.No.108 basically prescribes execution of bond with the customs authorities to the effect that these items have been imported for fixing on articles for export or for packaging of such articles and will be exported within a period of six months of date of importation.

The details of previously allowed items under Serial No 257 are given below:

S.No.	Chapter or Heading Or sub-heading or tariff item	Description of goods	Standard rate	Integrated goods and services tax	Condition no.
257	39, 48 or any other chapter	Tags, Labels, Stickers, Belts, Buttons or Hangers, imported by bona-fide exporters	Nil	-	-

The details of currently allowed items under Serial No 257 are given below:

S.No.	Chapter or Heading Or sub-heading or tariff item	Description of goods	Standard rate	Integrated goods and services tax	Condition no.
257	39, 48 or any other chapter	Tags, Labels, Stickers, Belts, Buttons or Hangers or printed bags (whether made of polythene polypropylene, PVC, high molecular or high density polyethylene), imported by bona-fide exporters	Nil	-	108

Under Notification No. 2/2021-Customs dated 01.02.2021, condition no. 108 prescribes:

If, -

(i) the said goods have been imported for fixing on articles for export or for the packaging of such articles;

(ii) the importer, by execution of a bond in such form and for such sum as may be specified by the Assistant Commissioner of Customs or Deputy Commissioner of Customs, binds himself to pay on demand in respect of the said goods as are not proved to V. List 2 and the entries relating thereto shall be omitted. 2. This notification shall come into force on the 2nd February 2021. [F. No.334/02/2021-TRU] (Rajeev Ranjan) Under Secretary to the Government of India. Note: The principal notification No.50/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017 and last amended vide notification No. 43/2020-Customs, dated the 26th November, 2020, published vide number G.S.R. 736(E), dated the 26th November, 2020. the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs to have been used for the aforesaid purposes, an amount equal to the duty leviable on such goods but for the exemption contained herein;

(iii) the importer satisfies the Assistant Commissioner or Deputy Commissioner of Customs, that articles so imported have been exported within six months of the date of importation or within such extended period as may be permitted by the said Assistant Commissioner of Customs or Deputy Commissioner of Customs

6. IGST related changes

Clause 114 of the Bill seeks to amend section 16 of the Integrated Goods and Services Tax Act, 2017 so as to make provisions for restricting the zero rated supply on payment of integrated tax only to specified class of taxpayers or specified supplies of goods or services. It further provides to link the foreign exchange remittance in case of export of goods with refund.

This issues for the information of the trade.

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Secretary General – AEPC