**Naren Goenka**
**Chairman AEPC**

AEPC/HO/EP/EPC/2022
01.02.2022

Dear Members

**Sub: - Key highlights of Union Budget 2022-23 for Apparel Sector**

Members may recall AEPC's Circular dated 02.02.2021 informing that the facility of import of Trimmings and Embellishments under Serial No 311 of Principal Notification No 50/2017-Customs dated 30.06.2017 has been deleted.

2. AEPC had made a number of representations on this issue. Chairman, AEPC had a meeting with Chairman, CBIC on the same as recently as on **<u>14.01.2022</u>**. We are happy to share that the facility of import of trimmings and embellishments has now been allowed.

3 Changes related to import of apparel are detailed as follows:

(i) For import of items under Serial No 257, under Notification No 2/2021-Customs dated 01.02.2021 the condition no 9 has been added.

(ii) As per Notification No 2/2021-Customs dated 01.02.2021, items allowed for import under Serial No 257 comprises Tags, labels, stickers, belts, buttons, hangers or printed bags (whether made of polythene, polypropylene, PVC, high molecular or high density polyethylene), imported by bonafide exporters.

(iii) Earlier, import under S. No 257 was governed by condition no 108 only. Vide today's notification no. 02/2022-Customs dated 01.02.2022, these imports will be governed under condition no. 9 and 108.

(iv) Condition no. 9 under notification no. 50/2017-Customs dated 30.06.2017 states "If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017". Exporters may note the procedure, to be followed as per Import of Goods at Concessional Rate of Duty) Rules, 2017 detailing the procedure to be followed by the importer like one time continuity bond, quarterly return and maintenance of accounts, intimation before the import and other conditions, as detailed at Para 4 of the Circular. **A copy of the Custom Circular no. 10/2021 dated 17.05.2021 is enclosed herewith**.

(v) Condition no 108 under notification no 2/2021-Customs dated 01.02.2021refers "If, -

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

(b 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

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;

(c) 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.

**(vi)** **The condition no 108, as per notified vide notification no 02/2022-Customs dated 01.02.2022 has been simplified considerably as compared to condition earlier provided vide notification no. 2/2021-Customs dated 01.02.2021. It may be noted that condition no 108 has been simplified now.**

Condition no 108 as per notification no. 02/2022-Customs dated 01.02.2022 provides "if the items manufactured using the imported goods are exported by the importer within six months of the date of the import of the said imported goods"

(vii) The import of lining and interlining material under S.No 288 has been discontinued now under vide **Notification No 2/2021-Customs dated 01.02.2021**, Now, it has been allowed under S.No 257B vide notification no 02/2022-Customs dated 01.02.2022.

Lining and interlining material under serial no 288 of Notification No 2/2021-Customs dated 01.02.2021 **was allowed upto 2% of FOB value of the garments exported and value realized during the previous year, as per condition no 28. Now, import of lining and interlining material are allowed without any limit.**

(viii) Earlier vide Notification No 2/2021-Customs dated 01.02.2021, items under S.No 311 were deleted (Trimmings and Embellishments). Trimmings and Embellishments, as given under S. No 311 have been allowed now. However, these have **been incorporated under S.No 257B. The new entry reads as under:**

The following goods, when imported by bonafide exporters for use in the manufacture of textile or leather garments for export, namely: -

(a) fasteners including buttons and snap fasteners, zip fasteners

(b) inlay cards

(c) buckles, eyelets, hooks and eyes, rivets

(d) collar stays, collar patties, butterfly and other garment stays including plastic stays

(e) embroidery motifs or prints

(f) laces

(g) badges including embroidered badges

(h) sequins

(i) toggles

(j) studs

(k) printed bags

(l) anti-theft devices like labels, tags and sensors

(m) poly pouch, high density sticker, heat transfer sticker

(n) anglets on draw strings-hooded jacket

(o) pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider and rings;

(p) lining and inter-lining materials

(q) wet blue chrome tanned leather

**(ix)** Earlier, when these items under S. No. 311 were allowed, they were **subjected to an overall limit of 5% of FOB value of the garments exported and value realized during the previous year** and this included import of lining and interlining material of 2% of FOB of FOB value of the garments exported and value realized during the previous year. However, **with the inclusion of these items under S. No 257B, there is no value cap so long as imports are being made by the bonafide exporter for use in the manufacture of textile garments for exports. Such import will be subject to condition, as given under Serial No 9 and 108.**

**4. These will be effective from tomorrow i.e. 02.02.2022 and valid till 31.03.2024**

5. **Changes in the ECLGS SCHEME -**

- ECLGS to be extended up to March 2023.
- Guarantee cover under ECLGS to be expanded by **Rs 50000 Crore to total cover of Rs 5 Lakh Crore.**
- **Rs 2 lakh Crore** additional credit for Micro and Small Enterprises to be facilitated under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

6. **Tax benefits for NEW UNITS**

The extension of the benefit of 15 per cent tax for the newly incorporated manufacturing units by one more year to March 2024 will be instrumental in bringing in fresh investments. This would specifically help in bringing in new investment in the new units under Production Linked Incentive (PLI) scheme for MMF garments, MMF fabrics and technical textiles.

Exporters may note the above facilitation measures provided in today's budget.

With Regards,

**Yours Sincerely,**

**(Naren Goenka)**

**Chairman AEPC**