MATEXIL
MANMADE AND TECHNICAL TEXTILES EXPORT PROMOTION COUNCIL
(Formerly SRTEPC)

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TRADE REVIEW



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- DIGITAL PRODUCT PASSPORT (DPP) UNDER EU ESG / SUSTAINABILITY REGULATIONS

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- GST
- Interest Subvention Support for Pre- and Post Shipment Export Credit under EXPORT PROMOTION MISSION



MATEXIL Trade Review

Chairman, MATEXIL
Mr. Shaleen Toshniwal

Vice- Chairman, MATEXIL
Mr. Anil Kumar Rajvanshi

Executive Director, MATEXIL
Mr. A. Ravi Kumar

Editorial Team:
Mr. Kripabar Baruah
Mr. P. John Anand Raja
Ms. Shreya Shekhar

Designed by:
Ms. Shreya Shekhar

MATEXIL's Head Office

Manmade and Technical Textiles Export Promotion Council (MATEXIL)
(formerly The Synthetic & Rayon Textile Export Promotion Council)
Resham Bhavan, 78, Veer Nariman Road, Mumbai - 400020, India.

Email: info@matexil.org

Regional Offices

New Delhi
Surya Kiran Building, Flat # 602, 6th Floor, 19, Kasturba Gandhi Marg, (Cannaught Place), New Delhi - 110001, India.
Phone: (+91-11) 23733090/92
Email: delhi@matexil.org

Surat
Block No. 4D&E, Resham Bhavan, Lal Darwaja, Surat- 395003, India.
Phone: (+91-261) 242 3184
Email: surat@matexil.org

Coimbatore
71/2, 3rd Third Floor, Bharathi Heights, 107 Nethaji Road, Pappanaickenpalayam, Coimbatore - 641037, Tamil Nadu
Ph : 9585552005
Email : john@matexil.org

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info@matexil.org
www.matexil.org

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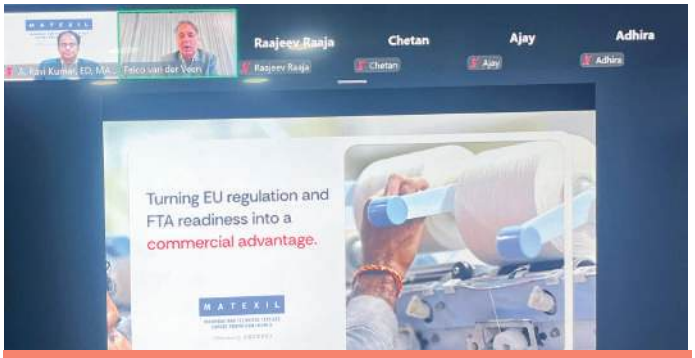
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Webinar on Traceability Requirement for exporters to avail benefits under FTAs of EU & UK

info@matexil.org

www.matexil.org

Chairman's Message

Shri Shaleen Toshniwal



Dear Friends,

I hope this message finds you in good health and high spirits.

The recommendations made at the 57th Meeting of the GST Council, held on 8 October 2026, focus particularly on measures aimed at expediting GST refunds, resolving the blockage of working capital, and providing relief on accumulated Input Tax Credit (ITC). These reforms are especially significant for the Manmade fibre (MMF) Textile and Technical Textile Sectors, which require substantial capital investment and continuous working capital.

The proposed measures, along with simplified compliance procedures, greater automation and rationalisation of penalties, will improve liquidity, reduce compliance costs and enhance the competitiveness of Indian textile exporters, particularly MSMEs. Timely implementation of these recommendations will be crucial in ensuring that exporters receive the intended benefits.

Geopolitical Tensions and Trade Disruptions

The continuing conflicts and escalating tensions in West Asia, together with the Russia-Ukraine situation and disruptions to important trade and shipping routes, are creating considerable uncertainty for global trade.

The situation in West Asia is having a direct bearing on energy prices, shipping, insurance and freight costs. Recent developments around critical maritime routes have demonstrated how quickly geopolitical tensions can translate into higher transportation costs and supply-chain disruptions. Tanker freight costs for Gulf crude had risen sharply amid the continuing regional conflict.

For the textile industry, which is closely linked with petrochemical-based raw materials, higher crude prices can also have an impact on the cost of fibres, polymers, chemicals, dyes and other inputs.

Therefore, exporters will need to remain extremely vigilant about cost competitiveness, inventory management, sourcing and logistics.

Export Trends

I am also pleased to note that exports of man-made fibre textiles have grown by 3% during April–July 2026. Exports increased from US$ 1,982.09 million to US$ 2,051.06 million during this period.

Technical textiles segment, exports have grown marginally by 0.5% to US$ 1,152.27 million during April–July 2026, as against US$ 1,146.89 million during April–July 2025. However, exports in July 2026 recorded a growth of 4.8% compared with July 2025.

The performance of the sector is encouraging and reflects the resilience of our exporters despite the challenges in the global environment.

We must, however, continue our efforts to strengthen competitiveness, diversify our product range and expand into new markets. At the same time, developments in some of our major markets continue to require close attention.

Challenges in the US Market

Another important area of concern is the evolving trade environment in the United States.

The US has already introduced additional measures under Section 301, including the final July 2026 measures relating to forced-labour-related practices, under which India was placed in a 10% additional tariff tier.

More recently, the United States has enacted legislation that could potentially result in additional tariffs of up to 100% on goods from major purchasers of Russian oil and gas, including India. The actual impact will depend on the tariff rate, product coverage

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and implementation arrangements announced by the US authorities.

This is clearly an area that we need to monitor very closely because the United States remains an important market for our textile exports.

At the same time, we should not allow uncertainty in any one market to limit our overall export ambitions. It reinforces the importance of market diversification and strengthening our presence in alternative markets.

Making Effective Use of FTAs

India's expanding network of Free Trade Agreements provides an important opportunity for our exporters.

The recent FTAs with markets such as the United Kingdom, Australia, UAE, EFTA and Oman, among others, are opening new avenues for Indian exporters.

The Government has also emphasised the need to move from simply having FTAs to effectively utilising the market access created by these agreements. Recent Government data indicates that India's exports to several FTA partner markets are already showing increasing commercial importance.

I believe our members are well placed to capitalise on these opportunities.

However, signing an FTA by itself does not automatically translate into higher exports. We have to understand the tariff concessions, rules of origin, product-specific requirements, standards, documentation and consumer preferences in each market.

I would urge all the members of the Council to prepare and equip themselves to utilise the FTAs effectively. MATEXIL would provide all kinds of support and guidance to its members.

Extension of EPM RELIEF Component II

The extension of Component II of the EPM RELIEF (Resilience & Logistics Intervention for Export Facilitation) till 31st March 2027 is a welcome step that will provide continued support to exporters facing logistics challenges arising from the ongoing West Asia crisis.

This extension will provide greater certainty to exporters and help ensure smoother movement of export shipments during this challenging period.

MATEXIL extends its sincere thanks to the Ministry of Commerce & Industry, Ministry of Textiles and DGFT for their continued support and timely measures.

Extension of RoSCTL & RoDTEP

The extension of the RoSCTL and RoDTEP Schemes till 31st December 2026 is a timely step that will provide much-needed continuity and certainty to our textile exporters.

With global trade uncertainties, rising logistics costs and intense international competition,

continued support under these schemes will help textile exporters maintain their competitiveness in global markets.

The extension will provide greater stability to exporters and support the growth and competitiveness of Manmade Fibre and Technical Textiles exports.

Way Forward

The global environment may be uncertain, but the long-term opportunity for India's MMF and Technical Textile sectors remains significant.

We have a strong manufacturing base, an expanding technical textile ecosystem, a large pool of skilled manpower and an increasingly favourable network of trade agreements.

What we need is greater competitiveness, innovation, technology upgradation, product diversification and a sustained focus on quality and international standards.

I would therefore urge all members of the Council to provide Council with their suggestions, particularly on new markets, new products, technology, competitiveness and measures required to increase exports.

Our Council will continue to act as a bridge between the industry and the Government and will take up genuine industry concerns at the appropriate forums.

Let us work collectively towards strengthening India's position as a reliable, competitive and sustainable global supplier of Manmade Fibre and Technical Textiles.

- Shaleen Toshniwal
Chairman, MATEXIL

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MATEXIL's 72nd Annual General Meeting (AGM)



MATEXIL organised its 72nd Annual General Meeting (AGM) on September 28, 2026, at its Head Office in Mumbai.

The AGM reviewed the Council's activities and achievements during 2025-26 and deliberated on the key opportunities and challenges facing the Manmade Fibre Textiles and Technical Textiles sectors.

Chairman's Address

Addressing the AGM, Shri Shaleen Toshniwal, Chairman, MATEXIL, highlighted the significant export potential of Manmade Fibre Textiles and Technical Textiles and emphasised the need to further strengthen India's competitiveness in global markets.

He appreciated the Government of India for the various measures undertaken to support exporters, including the Export Promotion Mission, revisions in the PLI Scheme and removal of Quality Control Orders on key raw materials. He also highlighted MATEXIL's continued representations on issues concerning the industry, including the inverted duty structure and RoDTEP and RoSCTL rates.

Shri Toshniwal emphasised the importance of market diversification, development of higher-value products, technology adoption, sustainability and compliance. He urged members to actively engage with MATEXIL and leverage the Council's services relating to market intelligence, policy support and export-promotion activities.

MATEXIL's Export Promotion Efforts

The AGM highlighted the Council's continued efforts to promote exports and support its members through international exhibitions, buyer-seller interactions, roadshows, webinars, seminars and capacity-building programmes.

These initiatives are aimed at expanding market access, facilitating business linkages and enabling Indian exporters to respond effectively to emerging opportunities in global markets.

Focus on Policy Support

The Council continued its engagement with the Government on policy and regulatory issues affecting the competitiveness of exporters. MATEXIL has made representations on the inverted duty structure and sought appropriate support through RoDTEP, RoSCTL and other export-related schemes.

The Chairman also acknowledged the continued support and guidance received from the Government of India, particularly the Ministries of Textiles, Commerce & Industry and Finance, DGFT, CBIC and other Government departments.

Road Ahead: 2030 Export Targets

The AGM reaffirmed MATEXIL's focus on achieving the 2030 export targets of US$ 11 billion for Manmade Fibre Textiles and US$ 10 billion for Technical Textiles.

Achieving these targets will require greater investment in technology, productivity enhancement, higher-value products, market diversification, quality, sustainability and compliance. MATEXIL will continue to work closely with its members and the Government to facilitate market access, address industry concerns and create new export opportunities.

AGM Proceedings

The AGM considered and approved the Annual Report for 2025-26, the audited financial statements and the Cash Flow Statement for the year ended March 31, 2026. The members also considered the appointment of Auditors for 2026-27.

Election of the Committee of Administration (COA)

The AGM also marked the announcement of the newly selected Members of the Committee of Administration (COA). The nominations were scrutinised by the Election Scrutiny Committee on August 10, 2026, at MATEXIL's Head Office in Mumbai, in accordance with the prescribed eligibility criteria and documentation requirements.

Newly Selected Members of the Committee of Administration (COA)

The newly elected Members of the Committee of Administration (COA) were announced at the 72nd AGM of MATEXIL. The members represent different categories of the Council's membership, ensuring representation across various segments of the industry.

Vote of Thanks

The AGM concluded with the Vote of Thanks by Shri Anil Rajbanshi, Vice Chairman, MATEXIL, who expressed appreciation to the Council's leadership, members, Committee of Administration, Government departments, former Chairmen, Secretariat and the media for their continued support and contribution.

The 72nd AGM concluded with a renewed commitment to strengthening India's position in global markets and working collectively towards the growth and development of the Manmade Fibre Textiles and Technical Textiles sectors.

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Registration and Timely Submission of Statistical Returns through the Textile Statistical Return System (TSRS)



Overview

The Office of the Textile Commissioner, Ministry of Textiles, has introduced the Textile Statistical Return System (TSRS), a digital platform for the registration of textile units and submission of statutory statistical returns. The system brings registration, return filing, scrutiny and reporting onto a single platform, replacing the earlier practice of submitting returns on paper or through a legacy web form.

The information collected through TSRS helps the Government prepare national textile statistics relating to production, consumption, stock, capacity, employment and trade. Accurate and timely reporting is therefore important for understanding the actual position of the textile industry and supporting policy formulation.

Furnishing statistical returns is a statutory obligation under the Collection of Statistics Act, 2008, read with the applicable notifications and the Textiles (Development and Regulation) Order, 1993.

Who Is Required to Register?

As specified in the TSRS User Manual, all textile manufacturing units and cotton traders must register themselves on the TSRS portal.

Upon approval of registration, the unit is issued a Textile Unit Identifier (TUID). This identifier is used for all subsequent activities on the portal and also serves as the unit's login username.

A single TUID is issued against one Permanent Account Number (PAN), even where the PAN holds multiple GST registrations. Therefore, units must declare every GSTIN associated with the PAN, including registrations in different States.

Mandatory TSRS Filing and Penalties for Non-Compliance

Submission of statistical returns is mandatory under the Collection of Statistics Act, 2008. Non-compliance attracts penalties under Section 15 (1) and 15(2) of the Act, including a penalty of up to Rs. 1,00,000 in the case of a company, with an additional penalty of up to Rs. 5,000 per day for continuing default.

Registration Procedure and Document Requirements

Units can register through either of the following routes:

- Manual Entry: The unit enters its particulars directly on the portal.
- Entity Locker: The unit retrieves its particulars from its Entity Locker account after authentication and consent.

The Entity Locker route is suitable for entities whose records are available and up to date. Manual entry may be used where the entity is not registered on Entity Locker or its records are not current. Both routes require the declaration of GSTINs, supporting registration documents and contact details.

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Manual registration: Step-by-step procedure

Step 1: Entity Details

The unit must enter its registered name, management type, PAN and factory or office address, including State, District and PIN Code. An existing mill serial number may also be entered, where applicable.

A scanned copy of the PAN card must be uploaded in PDF format, with a maximum file size of 2 MB. The PAN must be checked carefully because it forms the basis for issuing the TUID and cannot subsequently be changed without the intervention of the Regional Office.

Step 2: GST Declaration

The unit must select whether the PAN holds a single GSTIN or multiple GSTINs and enter the relevant registration numbers. Each GSTIN must contain exactly 15 characters.

All GSTINs held against the PAN must be declared. An undeclared GSTIN cannot subsequently be used to file an Annual Statistical Return.

Step 3: Registration Documents

The unit must select the appropriate registration type, enter the registration number exactly as it appears on the certificate and provide the date of commencement in DD/MM/YYYY format.

Uploading the registration certificate in PDF format is mandatory. The document should be legible and must correspond to the registration particulars entered in the application.

Step 4: Contact Person and Submission

The applicant must provide the contact person's name, a ten-digit mobile number without the country code or spaces, and an email address. The captcha must be entered before submitting the application.

A one-time password (OTP) is sent to the registered mobile number for verification. Once the OTP is verified, the application is submitted and an acknowledgement reference is generated.

The registration form cannot be saved part-way through and resumed later. Closing or refreshing the browser, or allowing the session to expire before submission, may result in the loss of all entries. Units should therefore keep the required information and documents ready before starting.

Approval and application tracking

Submission of an application does not mean that registration has been approved. The Regional Office of the Textile Commissioner scrutinises the application and generates the TUID after approval.

Approval is typically granted within seven to ten working days, and the outcome is communicated through email and SMS.

Applicants can track the status of their applications using the acknowledgement reference and, where required, the PAN or registered mobile number. If an application is returned for correction, the applicant must read the officer's comments, make the necessary corrections and resubmit it. In case of rejection, the reasons should be reviewed and the Regional Office or Helpdesk contacted before reapplying.

Until approval and generation of the TUID, the unit cannot log in or file its returns.

Monthly Statistical Return (MSR): Deadline and Filing Procedure

The Monthly Statistical Return records the production, consumption, despatch and closing stock of a unit for a particular calendar month.

Filing deadline: The MSR must be submitted by the 15th of the following month. Any extension of the deadline will be announced through an official circular published in the Documents section of the portal.

The portal provides eleven MSR forms as follows:

Form	Applicable to
MSR-A	Cotton Trader
MSR-B	Ginning & Pressing
MSR-C	Spinning
MSR-D	Weaving/Knitting & Composite
MSR-E	Processing
MSR-F	Man-Made Fibres
MSR-G	Man-Made Filament Yarn
MSR-H	Surgical Cotton/Wadding
MSR-I	Woollen Items
MSR-J	Ready-Made Garments & Made-Ups
MSR-K	Technical Textiles

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Units do not select their own forms. The portal displays the form corresponding to the segment declared and approved during registration. If the form does not match the unit's actual activities, the unit should not enter figures into an incorrect form. The discrepancy should be reported to the Regional Office so that the segment recorded in the unit profile can be corrected.

Procedure for filing the monthly return

1. Log in to the TSRS portal and select MSR Submit from the left-hand menu.
2. Select the reporting month and year and identify the returns that are due.
3. Open the allotted form, which contains the unit particulars carried forward from the registration record.
4. Enter the production, consumption, despatch and closing stock figures for the reporting month.
5. Compare the figures with those of the previous month wherever the portal displays them.
6. Provide remarks explaining any material variation from the previous period.
7. Review all sections and correct any errors before submission.
8. Submit the return and confirm that it appears in the filing history.

The figures must relate to the reporting month only and must not be cumulative figures for the year to date. Units should also report quantities in the units of measurement specified in the form, such as metric tonnes for fibre and yarn, square metres for fabric processing, and numbers for garment processing.

A material change in figures is not necessarily an error, but an unexplained variation may be questioned during scrutiny. Preparing the monthly figures from the unit's production and stock records before opening the form can help avoid errors and delays.

Importantly, a unit that has not operated during a particular month must still file the return. The period should be reported as having no production or operation, as applicable, rather than left unfiled.

Annual Statistical Return (ASR): Deadline and Requirements

The Annual Statistical Return establishes the unit's position for the financial year. It covers installed capacity, machinery, workforce and consolidated annual production, consumption and despatch.

Filing deadline: The ASR must be filed within 30 days of the close of the financial year, i.e., by 30 April of the following year.

Procedure for filing the annual return

1. Log in to the portal and select ASR from the left-hand menu.
2. Select the financial year for which the return is being filed.
3. Where the unit holds multiple GSTINs, select the relevant GSTIN and file a separate return for each.
4. Check the unit details carried forward from the registration record and correct any changes.
5. Select the segments in which the unit operated during the year.
6. Enter the installed machinery and capacity as at the close of the year, including capacity increases arising from expansion during the year.
7. Enter workforce figures and consolidated annual production, consumption and despatch figures.
8. Complete the certification block confirming that the information furnished is true and accurate.
9. Review the entire return and submit it.

The annual production and consumption figures should reconcile with the total of the twelve monthly returns for the same year. Material differences may be identified during scrutiny by the Regional Office.

An ASR already submitted for a particular GSTIN for the current financial year cannot be submitted again. If a correction is required after submission, the unit must request the Regional Office to reopen the return.

Important Compliance Requirements

Apart from filing monthly and annual returns, registered units must ensure that their registration details remain accurate and up to date.

Update changes within 30 days

The unit profile must be updated within 30 days of any change in address, capacity or ownership. A change of address may also affect the jurisdiction of the Regional Office. Units should inform the Regional Office where a change is required.

The contact person's mobile number and email address should also be kept current, as they are used for OTP verification, password recovery and official communication.

Ensure accuracy and completeness

The unit is responsible for furnishing true and accurate figures for the relevant reporting period. The information entered in the returns should be supported by the unit's own production, consumption and stock records.

The correct reporting form and unit of measurement must be used. Annual figures should be consistent with the monthly returns, and material variations should be explained wherever required.

Respond to Regional Office queries

Units should regularly check the portal's notifications and communication sections for messages from the Regional Office. Where a query is raised, the unit should respond within the time specified in the query. Returns that are rejected or returned for correction should be reviewed carefully, and the required corrections should be made and resubmitted.

Source: Textile Statistical Return System - User Manual

Revision of submitted returns

Minor corrections may be requested through the Helpdesk before the Regional Office finalises the return. Once a return has been locked or finalised, revision requires the approval of the Regional Office. In the case of an ASR already submitted, the Regional Office must reopen the return for correction.

Helpdesk and Support

For assistance with registration, filing or technical issues, units may contact the TSRS Helpdesk using the following details:

- Email: txctsrs@gmail.com
- Telephone: +91-22-22001060
- Support hours: Monday to Friday, 9:30 AM to 6:00 PM IST

Conclusion

Textile units are advised to ensure timely registration and submission of statistical returns through the TSRS portal in accordance with the prescribed requirements and deadlines.

The Office of the Textile Commissioner, Ministry of Textiles, Government of India, regularly organises webinars to explain the registration and return filing processes and address queries and doubts.

MATEXIL will circulate details of upcoming webinars to its members through its circulars.

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SME GROWTH FUND - Potential to create Future Champions



Background

The Union Budget 2026-27 recognised Micro, Small and Medium Enterprises (MSMEs) as a key engine of economic growth, employment generation, manufacturing, innovation and exports. To enable high-potential enterprises to scale up and emerge as globally competitive businesses, the Government announced a dedicated ₹10,000 crore SME Growth Fund (SGF) under the equity-support component of the Budget.

The Finance Minister, while presenting the Union Budget on 1 February 2026, stated that the Fund would be established to create future Champions by incentivising enterprises based on specified criteria. The announcement formed part of a broader three-pronged approach for MSMEs covering equity support, liquidity support and professional support.

The Government has subsequently moved forward with implementation. On 6 October 2026, the Union Cabinet approved a Government commitment of ₹10,000 crore towards the establishment of the SME Growth Fund, which is envisaged as an Alternative Investment Fund (AIF) providing direct equity investment in small and medium enterprises.

Rationale for the SME Growth Fund

While several existing schemes and funds provide credit or equity support to MSMEs, there remains a significant financing gap for enterprises that have moved beyond the initial stage of business and require substantial long-term capital for expansion.

The Government has identified the need for growth-stage equity capital to enable SMEs to:

- expand manufacturing and production capacity;
- modernise plant and machinery;
- adopt advanced and emerging technologies;
- improve productivity and operational efficiency;
- develop new products and undertake innovation;
- establish or expand international operations;
- enter new export markets;
- integrate into global value chains;
- undertake strategic acquisitions and expansion; and
- scale up to become nationally and internationally competitive enterprises.

The SME Growth Fund is therefore intended to address the gap between conventional bank financing and the long-term risk capital required by growth-oriented SMEs.

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Salient Features

(a) Corpus of ₹10,000 crore

The Government of India has committed an aggregate amount of ₹10,000 crore towards the SME Growth Fund. The Fund will operate through an AIF structure and is intended to provide equity/growth capital rather than conventional loans.

(b) Focus on growth-oriented SMEs

The Fund is intended primarily for SMEs that have demonstrated business viability and possess significant potential for growth and scalability.

The objective is to identify enterprises capable of developing into "future champions", rather than merely providing working-capital or routine debt financing.

(c) Strong focus on manufacturing

A majority allocation is expected to be directed towards small and medium manufacturing enterprises. This is particularly significant for sectors that require substantial investment in capacity, technology and modernisation.

(d) Support for Tier-II and Tier-III industrial clusters

The Fund will also consider SMEs operating in industrial clusters in Tier-II and Tier-III cities, thereby promoting geographically balanced industrial development and strengthening local supply chains.

(e) Export and globalisation orientation

The Fund is expected to assist Indian SMEs in expanding into international markets, integrating with global value chains and improving their international competitiveness.

This is particularly relevant for export-oriented enterprises requiring capital for capacity expansion, product development, technology upgradation, quality certification, international marketing and compliance with global standards.

Difference from Conventional MSME Financing

The SME Growth Fund represents an important shift from the traditional approach of supporting MSMEs predominantly through debt and credit-linked schemes.

Conventional MSME Finance	SME Growth Fund
Primarily debt/loan based	Equity/growth-capital oriented
Requires repayment	Designed as long-term risk capital
Often focused on working capital and asset financing	Focused on expansion and scale-up
Limited ability to absorb business risk	Better suited to growth-stage enterprises
Primarily supports existing operations	Enables capacity expansion, technology and market expansion
Interest and repayment obligations	Investor participates in growth and value creation

The Fund should therefore be viewed as complementary to bank finance, credit guarantees and other MSME schemes, rather than as a replacement for them.

Potential Benefits for Manmade Fibre and Technical Textile SMEs

The SME Growth Fund could be particularly relevant to the Manmade Fibre Textiles and Technical Textiles sectors, where many enterprises require significant capital investment to expand capacity, modernise machinery, improve productivity and develop higher-value products.

Potential areas where the Fund could support textile SMEs include:

Area	Potential Support
Capacity expansion	Establishment of new manufacturing lines and expansion of existing facilities.
Technology upgradation	Acquisition of modern machinery, automation, digital technologies and advanced manufacturing systems.
Technical Textiles	Development and commercialisation of high-performance and speciality technical textile products.
Product diversification	Moving from conventional products to higher-value and specialised MMF and technical textile products.
Export expansion	Establishing production capacity and marketing infrastructure to serve international markets.

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Global value-chain integration	Meeting international quality, sustainability, traceability and certification requirements.
R&D and innovation	Development of new fibres, yarns, fabrics, coatings, composites and other value-added products.
Sustainability investments	Adoption of energy-efficient technologies, recycling systems, circular-economy solutions and environmentally sustainable production processes.
Strategic acquisitions and consolidation	Enabling capable SMEs to undertake strategic investments and build scale.
Cluster development	Supporting enterprises located in important textile clusters, including those in Tier-II and Tier-III cities.

Relevance for Export-Oriented SMEs

For export-oriented SMEs, the availability of patient equity capital can be particularly valuable because international expansion often requires investment well before the resulting export revenues are realised.

The Fund could potentially facilitate:

- expansion of export-oriented production capacity;
- development of new overseas markets;
- establishment of overseas marketing and distribution networks;
- investment in international certifications and testing;
- compliance with ESG and sustainability requirements;
- adoption of traceability and digital product information systems;
- development of products aligned with international standards;
- participation in global trade fairs and buyer-seller programmes; and
- integration with international brands and global supply chains.

The initiative therefore has the potential to complement the Government's broader objective of substantially increasing India's manufacturing and merchandise exports.

Eligibility and Selection

The Union Budget announcement envisaged that enterprises would be selected on the basis of specified criteria. The detailed operational modalities, eligibility conditions, investment parameters, application process and selection framework are being worked out by the Government.

The Government has indicated that the Fund is intended for growth-oriented small and medium enterprises with demonstrated viability and scalability. Accordingly, enterprises seeking to benefit from the Fund would be expected to demonstrate factors such as:

- sound financial performance;
- established business operations;
- scalable business model;
- strong growth potential;
- credible management capability;
- technological or competitive advantage;
- capacity to generate employment;
- potential for domestic or international expansion; and
- ability to utilise equity capital for productive growth.

The final eligibility and investment criteria will, however, depend upon the detailed guidelines and operating framework notified by the Government.

Complementary MSME Measures in Budget 2026-27

The SME Growth Fund forms part of a wider package of measures intended to strengthen MSMEs.

Liquidity Support

The Budget proposed four measures to leverage the potential of the TReDS platform, including:

- mandating TReDS as the transaction settlement platform for purchases from MSMEs by CPSEs;
- introducing a CGTMSE-backed credit guarantee mechanism for invoice discounting on TReDS;
- linking GeM with TReDS to facilitate access to information for financiers; and
- introducing TReDS receivables as asset-backed securities to develop a secondary market.

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Self-Reliant India Fund

The Budget also announced an additional ₹2,000 crore for the Self-Reliant India Fund to continue providing risk-capital support to micro enterprises.

Professional Support

The Government has proposed developing a cadre of "Corporate Mitras" through professional institutions such as ICAI, ICSI and ICMAI to provide affordable professional and compliance support to MSMEs, particularly in Tier-II and Tier-III towns.

Thus, the overall approach combines equity + liquidity + professional support to facilitate the transition of promising MSMEs into larger and more competitive enterprises.

Conclusion

The ₹10,000 crore SME Growth Fund represents an important policy shift towards providing growth-stage equity capital to Indian SMEs. Unlike conventional credit support, the Fund is designed to address the long-term risk-capital requirements of enterprises that have the potential to scale significantly.

With the Government placing particular emphasis on manufacturing, technology adoption, international expansion, global value-chain integration and industrial clusters, the initiative could be especially valuable for India's export-oriented manufacturing SMEs.

For the MMF and Technical Textiles sectors, the Fund presents an opportunity to accelerate capacity creation, technology upgradation, product diversification, innovation and export expansion, and to facilitate the emergence of larger Indian enterprises capable of competing effectively in global markets. ■

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Digital Product Passport (DPP) Under EU ESG / Sustainability Regulations



With specific reference to Textiles & Clothing

What is a Digital Product Passport?

A Digital Product Passport (DPP) is a digital record containing information about a product, its materials and relevant sustainability, circularity, traceability and compliance characteristics.

The EU is introducing DPPs under the Ecodesign for Sustainable Products Regulation (ESPR), Regulation (EU) 2024/1781.

The objective is to make reliable and standardised product information accessible to businesses, consumers, customs and market-surveillance authorities, repairers, recyclers and other stakeholders.

For textiles and clothing, the DPP is intended to make product information available throughout the product's lifecycle—from manufacture and placing on the EU market through use, repair, reuse and recycling.

Important: DPP should not be understood merely as a QR-code or electronic label. The QR code/data carrier is the gateway to a structured digital information system containing defined product data.

2. Legal basis

The principal legal framework is the:

Ecodesign for Sustainable Products Regulation (ESPR) – Regulation (EU) 2024/1781

The EU's ESPR Working Plan 2025–2030 identifies textile apparel as a priority product group.
The textile-specific DPP requirements will be established through a future delegated act covering textiles, together with the relevant ecodesign requirements.

3. Why textiles and clothing have been prioritised

The EU considers textiles and clothing an important sector for the circular economy because of their environmental impacts and extensive international supply chains.

The European Commission identifies textile apparel as one of the priority product groups under the ESPR Working Plan.

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The DPP is intended to help:

- improve transparency;
- establish product-level traceability;
- provide reliable sustainability information;
- facilitate repair and maintenance;
- facilitate reuse and resale;
- improve sorting and recycling;
- support circular business models;
- enable authorities to verify compliance; and
- provide consumers with more accessible product information.

4. Current implementation timeline

Development	Current EU Position
ESPR	Entered into force – July 2024
ESPR Working Plan 2025–2030	Adopted – April 2025
DPP Registry	Operational from 20 July 2026
Textile-specific DPP delegated act	Planned – Q3–Q4 2027
Textile DPP technical specifications/guidance	To follow the delegated act
Mandatory textile DPP	Exact application date will depend on the final delegated act and transition period

5. DPP is already becoming operational at EU level

A major development occurred on 20 July 2026, when the European Commission launched the DPP Registry and testing environment.

The Registry provides the EU infrastructure for registration of DPPs and associated identifiers and metadata.

The Commission has also published harmonised standards covering important elements such as:

- unique identifiers;
- interoperability;
- data carriers;
- APIs;
- data-exchange protocols; and
- data storage.

The remaining standardisation work is continuing.

This means that DPP is moving from a policy concept to an operational EU digital infrastructure.

6. How will a Textile DPP work?

The likely basic architecture will be:

Physical Textile Product

↓

QR Code / NFC / other approved Data Carrier

↓

Digital Product Passport

↓

Product / Material / Sustainability / Traceability Data

↓

Different users obtain information according to their access rights:

- Consumer
- EU importer
- Distributor
- Retailer
- Repairer
- Recycler
- Customs
- Market-surveillance authority
- Other authorised stakeholders

The Commission specifically states that the DPP will be accessible through a data carrier on the product, such as a QR code, and also through online points of sale.

7. What information could the Textile DPP contain?

The final mandatory data fields have not yet been legally finalised.

The European Commission nevertheless identifies a number of information categories that may form part of the textile DPP.

A. Product identification

Potential information may include:

- product name/type;
- product identification;
- model/SKU;
- product characteristics;
- relevant unique identifiers;
- manufacturer/producer;
- importer;
- other relevant economic operators.

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B. Fibre composition

This is particularly relevant for textile exporters.

The DPP may incorporate information relating to:

- fibre composition;
- fibre types;
- percentage composition;
- recycled fibre content, where applicable;
- relevant fibre identification information.

The Commission specifically identifies fibre composition under the Textile Labelling Regulation as information that may be relevant to the DPP.

C. Origin and traceability

Potential information may include:

- country of manufacture;
- origin information;
- relevant stages of production;
- supply-chain information;
- identification of relevant economic operators;
- information necessary to establish traceability.

This is particularly significant for Indian manufacturers supplying EU brands because the information requested by an EU buyer may need to originate much further upstream than the garment factory.

8. Sustainability information

The DPP is expected to contain relevant sustainability information prescribed under the final delegated act.

Depending upon the final requirements, this may involve information relating to:

- material sustainability;
- recycled content;
- resource consumption;
- environmental performance;
- durability;
- product lifetime;
- relevant environmental impacts;
- repairability;
- circularity;
- reuse and recycling.

The exact metrics, calculation methodologies, thresholds and verification requirements are not yet final for textiles. Therefore, exporters should distinguish between confirmed EU requirements and possible/proposed data requirements under development.

9. Repair, maintenance and durability

The DPP is intended to support the longer useful life of products.

Information may therefore support:

- washing/care instructions;
- maintenance;
- repair;
- replacement;
- spare components, where relevant;
- repairability;
- refurbishment.

The Commission specifically identifies information supporting use, repair and maintenance as a potential component of the textile DPP.

10. End-of-life information

One of the important objectives of DPP is to enable better circularity.

Information may therefore assist:

- Reuse
- suitability for reuse;
- resale;
- refurbishment.

Disassembly

information necessary for disassembly;
identification of materials/components.

Recycling

fibre/material identification;
relevant recycling information;
separation requirements;
information useful to recyclers.

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Disposal

appropriate end-of-life treatment.

The Commission specifically identifies information relevant to reuse, resale, disassembly, refurbishment, disposal and recycling.

11. Who will be responsible?

The principal obligation is expected to fall on the economic operator placing the relevant product on the EU market.

For imported textile products, this can have significant implications for:

- EU importers;
- brands;
- manufacturers;
- producers;
- suppliers;
- distributors.

The Commission states that requirements will primarily apply to economic operators placing textile apparel products on the EU market or putting them into service, including manufacturers, producers or importers depending on the circumstances. Distributors and dealers will also have obligations to ensure that the DPP is available.

Implication for Indian exporters

Even where the EU importer/brand is legally responsible for placing the product on the EU market, the Indian exporter/manufacturer will likely need to provide a substantial amount of the underlying data.

Thus:

Legal responsibility and data responsibility are not necessarily the same thing.

An EU brand may legally create/maintain the DPP, but it may depend upon its Indian supplier for verified information concerning fibres, materials, manufacturing, processing and other supply-chain characteristics.

12. What does this mean for Indian textile exporters?

DPP will effectively move EU textile compliance from:

Document-based compliance

towards

Digital, product-level, data-based compliance.

An Indian exporter may increasingly need to demonstrate not simply:

"This garment is made of 100% polyester."

but potentially:

"Here is the digitally traceable product record showing the identity and composition of the product and the relevant sustainability and supply-chain information."

The precise requirements will depend on the final delegated act.

13. Importance of upstream supply-chain data

A major challenge for Indian exporters will be collecting data from multiple stages of production.

For example:

Fibre producer
↓
Spinner
↓
Texturiser / processor
↓
Weaver / knitter
↓
Dyeing / processing
↓
Garment manufacturer
↓
Exporter
↓
EU importer / brand
↓
Consumer

DPP requirements can therefore make supply-chain data management an integral part of export competitiveness.

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14. Data accuracy and verification

An exporter should establish systems to ensure that information supplied to an EU customer is:

- accurate;
- consistent;
- traceable;
- supported by documentary evidence;
- periodically updated;
- capable of being verified;
- linked to the correct product/SKU;
- protected against unauthorised alteration.

This is particularly important because DPP information will potentially be used by market-surveillance authorities and other enforcement bodies, not merely consumers.

15. DPP and existing EU ESG legislation

DPP should not be viewed in isolation.

For textiles, it sits within a broader EU sustainability and circular-economy regulatory landscape involving, among other measures:

1. ESPR

Provides the principal legal framework for product-specific ecodesign requirements and DPP.

2. EU Strategy for Sustainable and Circular Textiles

Provides the broader policy direction for transforming the textile ecosystem.

3. Textile Labelling Regulation

Currently focuses principally on fibre composition, with a review underway. The Commission has been examining more comprehensive and potentially digitalised textile labelling requirements.

4. Green Claims framework

Relevant to the substantiation and communication of environmental claims.

5. Extended Producer Responsibility / textile waste measures

Relevant to the circularity and end-of-life dimension of textile products.

6. Corporate Sustainability Reporting / supply-chain sustainability requirements

These principally affect companies subject to the respective EU legislation but can indirectly increase information requests to suppliers.

7. Corporate Sustainability Due Diligence requirements

Where applicable to EU companies, these can result in increased supply-chain information and due-diligence expectations for suppliers.

8. Forced-labour and other product-related EU requirements

Depending on the product and applicable legislation, additional traceability and compliance information may be required.

Key point: DPP should be developed as part of a broader EU ESG data architecture, rather than as a standalone QR-code project.

16. DPP versus ESG reporting

There is an important distinction.

DPP	ESG / Corporate Reporting
Primarily product-focused	Primarily company-focused
Product-level information	Corporate/value-chain information
Travels with / links to the product	Usually company reporting
Supports product traceability	Supports sustainability reporting
Repair/reuse/recycling information	Broader environmental/social/governance disclosures
Consumer, business and authority access	Primarily investors, authorities and stakeholders

However, there will be considerable data overlap. A company should therefore avoid building separate databases for every EU regulation wherever possible.

17. DPP and traceability

DPP is closely connected with traceability.

For textiles, traceability can operate at different levels:

Company level

Who manufactured the product?

Facility level

Where was it produced?

Process level

Which processes were undertaken?

Material level

What fibres/materials were used?

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Transaction level

Which supplier supplied the material?

Product level

Which exact product/SKU does the information relate to?

A robust digital traceability system will therefore become an important foundation for DPP compliance.

18. Digital Product Passport is not necessarily one database

An important technical principle of the EU system is that the complete product information does not necessarily have to be stored centrally in the EU DPP Registry.

The Commission explains that product data is stored in a decentralised manner, while economic operators register the relevant DPP and metadata in the EU Registry.

This is important for exporters because companies may maintain their own:

- ERP systems;
- PLM systems;
- traceability platforms;
- sustainability databases;
- supplier databases;
- cloud systems.

These systems should increasingly be designed for interoperability with DPP requirements.

19. Importance of interoperability

The EU is developing common standards so that DPP systems can communicate with one another.

The Commission has identified standards covering areas including:

- unique identifiers;
- data carriers;
- interoperability;
- APIs;
- data exchange;
- data storage.

For Indian exporters, this means that the objective should not be to create a proprietary QR-code system that cannot communicate with customers' systems.

Instead, exporters should work towards: standardised + machine-readable + interoperable data.

20. QR Code – what exporters should understand

A QR code is likely to be one of the principal mechanisms by which users access a DPP.

But:

QR Code ≠ DPP

The QR code is essentially the access mechanism/data carrier.

The underlying DPP needs:

- structured data;
- identifiers;
- data governance;
- access rights;
- appropriate hosting;
- authentication/security;
- interoperability;
- updating mechanisms.

The Commission expressly refers to data carriers such as QR codes and to standards covering data carriers and interoperability.

21. Implications for MSME

This is especially important for the Indian textile sector because of its large MSME and decentralised manufacturing base.

Potential challenges include:

- cost of digitalisation;
- absence of integrated ERP systems;
- fragmented supply chains;
- multiple subcontractors;
- lack of standardised data;
- testing and verification costs;
- digital skills;
- traceability of recycled material;
- data confidentiality;
- customer-specific formats;
- integration with international buyers.

There is therefore a need for industry-level and cluster-level solutions, rather than expecting every small exporter to independently develop a sophisticated DPP architecture.

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22. Recommended data architecture for exporters

A practical system could be structured around the following layers:

Layer 1 – Product Master Data

Product/SKU
Product category
Description
HS code
Fibre composition
Weight
Size/variant

Layer 2 – Raw Material Data

Fibre
Yarn
Fabric
Recycled content
Supplier
Origin
Relevant certifications

Layer 3 – Manufacturing Data

Factory
Production location
Processing
Dyeing
Finishing
Manufacturing dates/batches

Layer 4 – Sustainability Data

Environmental information required under applicable legislation
Resource information
Relevant sustainability characteristics
Recycled content
Durability/repair information where applicable

Layer 5 – Circularity Data

Repair
Reuse
Refurbishment
Disassembly
Recycling
End-of-life treatment

Layer 6 – Compliance Data

Test reports
Certifications
Declarations
Applicable regulatory documentation
Verification records

Layer 7 – Digital Identity

Product identifier
DPP identifier
Data carrier
Registration information
Access permissions

23. What should Indian exporters do now?

Immediate – 2026

Exporters should:

1)Map EU customers and products likely to be affected.

2)Identify the product-level information already available.

3)Identify missing data.

4)Map the complete supply chain.

5)Identify suppliers from whom information must be obtained.

6)Standardise fibre/material terminology.

7)Create product/SKU-level digital master data.

8)Digitise supplier records.

9)Maintain documentary evidence for sustainability claims.

10) Begin discussions with EU customers regarding their anticipated DPP data requirements.

Medium term – 2026–27

Companies should:

- establish a DPP task force;
- appoint a DPP/data owner;
- integrate ERP/PLM/traceability systems;
- develop standard data templates;
- establish supplier-data protocols;

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- develop QR/data-carrier capability;
- establish data-verification procedures;
- conduct pilot DPPs for selected products;
- train production, merchandising, compliance and export teams.

Before the textile delegated act becomes applicable

- Companies should be ready to:
- update their data architecture;
- align with final EU data fields;
- implement the required identifiers;
- establish DPP generation procedures;
- establish registration processes;
- ensure customer/authority access rights;
- undertake compliance testing.

DPP is not simply an additional compliance document. It represents a shift towards digital, product-level traceability and sustainability data across the textile value chain.

Indian exporters should therefore begin preparing now, even though the final textile-specific requirements have not yet been adopted.
The European Commission itself is still developing the textile-specific requirements, and the precise information requirements will be established through the future delegated act and supporting technical specifications.

Key facts at a glance

Issue	Position as of September 2026
Legal framework	ESPR – Regulation (EU) 2024/1781
Textile status	Priority product group
Textile DPP	Planned
Textile delegated act	Planned Q3–Q4 2027 / Q4 2027
DPP Registry	Operational since 20 July 2026
Data carrier	QR code or other permitted mechanism
Data architecture	Decentralised product information with EU Registry infrastructure
Product identification	Expected / important
Fibre composition	Relevant and specifically identified by EC
Origin	Potential DPP information
Repair/maintenance	Potential DPP information
Reuse/recycling	Potential DPP information
Economic operators	Manufacturers/producers/importers primarily, depending on circumstances
Distributors/dealers	Expected to ensure DPP availability where applicable
Indian exporters	Need to provide reliable upstream product/supply-chain data to EU customers
Final textile data fields	Not yet legally finalised

The EU has stated that ESPR measures will apply to products placed on the EU market irrespective of whether they are produced inside or outside the EU, making this directly relevant to Indian exporters. The period 2026–27 should be treated as the preparation window—not the period to wait for the final mandatory rules. The most valuable preparation is to establish product-level digital master data, supply-chain traceability, evidence-backed sustainability information and interoperable data systems so that exporters can adapt quickly once the textile delegated act is finalised. ■

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Quick Estimate - September 2026



As per the Quick Estimates, during Apr-Sep 26 the aggregate exports of MMF and blended textiles were US$ 2,501.48 Mn. as compared to US$ 2,40.90 Mn. during the same period previous year, showing a growth of 4.19%.

In September 26, exports of MMF and blended textiles were US$ 451.19 Mn. as compared to US$ 405.65 Mn. during the same period previous year, showing a growth of 11.23%.

Exports of Cotton Yarn/Fabrics/Made-ups, Handloom Products in Apr-Sep 26 were US$ 6,317.08 Mn. as compared to US$ 5,796.41 Mn. during the same period previous year, registering a growth of 8.98%.

In September 26, exports of Cotton Yarn/Fabrics/Made-ups, Handloom Products stood at US$ 1,123.78 Mn. as compared to US$ 930.61 Mn. during the same period previous year, showing a growth of 20.76%.

Exports of RMG of all Textiles in Apr-Sep 26 were US$ 7,282.93 Mn. as compared to US$ 7,763.08 Mn. during the same period previous year, showing a decline of 6.19%.

In September 26, exports of RMG of all Textiles were US$ 1,133.90 Mn. as compared to US$ 997.48 Mn. during the same period previous year, showing a growth of 13.68%.

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Summary of Exports (Values in US$ Mn):

Sr. No.	Particulars	Values in Million USD				% Change	
		Sep-25	Sep-26	Apr-Sep'25	Apr-Sep'26	Sep-26	Apr-Sep'26
1.	Man-made Yarn / Fabs / made-ups etc.	405.65	451.19	2,400.90	2,501.48	11.23%	4.19%
2.	Cotton Yarn / Fabs / made-ups, Handloom Products etc.	930.61	1,123.78	5,796.41	6,317.08	20.76%	8.98%
3.	RMG of all Textiles	997.48	1,133.90	7,763.08	7,282.93	13.68%	-6.19%
4.	Other Textiles (Jute, Carpets & Handicrafts)	287.92	371.96	1,775.21	2,056.24	29.19%	15.83%
	Textiles & Garments	**2,621.66**	**3,080.83**	**17,735.60**	**18,157.73**	**17.51%**	**2.38%**
	All Commodities	**36,084.64**	**44,400.33**	**2,19,296.51**	**2,59,888.42**		
	% of T&C in Total Exports	7.27%	6.94%	8.09%	6.99%		

(SOURCE: DGCI&S Quick Estimates)

Export Performance Review: Man-made Fiber Textiles





Overview

Exports of Indian Man-made Fibre (MMF) Textiles reached US$ 2051.06 Mn. during Apr – July 2026 as against exports of US$ 1982.09 Mn. during Apr – July 2025, accounting for a growth of 3% in US dollar terms. In Rupee terms exports of MMF Textiles have grown by 14.73% during the period.

Exports of MMF Textiles from India stood at US$ 539.43 Mn. in July 2026 as against exports of US$ 530.24 Mn. in July 2025, registered a growth of 1.73% in US dollar terms. However, in Rupee terms exports of MMF Textiles have grown by 13.84% during the period.

Man-made Fibres Exports

Viscose Staple Fibre (VSF) was the largest exported Man-made Fibre from India representing 49% share of the India's Man-made Fibre exports, followed by Polyester Staple Fibre (PSF) accounting for a share of 42% during Apr – July 2026.

MMF Filament Yarns / Spun Yarns Exports

Polyester Filament Yarns (PFY) was the largest exported MMF Yarns from India representing 43% share of the India's MMF Yarn's exports, followed by Poly- Cotton (PC) Spun Yarn (11%) and Viscose Spun Yarn (7%) during Apr – July 2026.

MMF Fabrics Exports

- During Apr – July 2026, MMF Fabrics were the largest exported commodity, representing 37% of the exports share, followed by MMF Made-ups 32%.
- PFY Woven Fabrics was the largest exported MMF Fabrics from India, representing 20% of the MMF Fabric's exports share, followed by PV Fabrics (13%), Nonwovens (11%) and Weft Knitted Fabrics (9%) during Apr – July 2026.

Leading Markets

- USA was the leading market for Indian MMF Textiles during Apr – July 2026, accountinf for a share 17% of Indian MMF Textiles exports, followed by Turkey (7%), Bangladesh (5%), and UAE (4%).

Emerging Markets

- Nigeria, China, Oman, Turkey, Malaysia, Spain, Bangladesh, Netherland, Brazil and USA were the emerging markets for Indian MMF Textiles during Apr – July 2026 as compared to Apr – July 2025 where exports have grown over 10% during the period.

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Export Performance Review: Technical Textiles





Overview

Exports of Technical Textiles from India stood at US$ 1,152.27 Mn. during Apr-Jul'26 as against exports of US$ 1,146.89 Mn. during Apr-Jul'25, registering a growth of 0.5%.

Exports of Indian Technical Textiles stood at US$ 322.23 Mn. in Jul'26 as against exports of US$ 307.61 Mn. in Jul'25, registering a growth of 4.8%.

Technical Textiles Exports

- Technical Textiles articles such as FIBC bags, Coated Fabrics, Nonwovens, Glass Fibers, Filters and Ropes & Cords were the largest exported commodities from India during Apr-Jul'26, representing 67% of the exports share.

Fastest Growing Segments

- Clothtech was the fastest growing segment during Apr-Jul'26 as compared to Apr-Jul'25, with a growth rate of 29.3%, followed by Oekotech, Geotech.
- FIBC was the largest exported product from India, representing 30.2% exports share in Apr-Jul'26.

Leading Export Markets

- USA was the largest market of Technical Textiles representing 28.3% share of India's exports, followed by Germany (5.1%) and UK (4.8%) during Apr-Jul'26.
- Exports of Technical Textiles to Poland and Italy grew by more than 10% during Apr-Jul'26 as compared to Apr-Jul'25.

Emerging Export Markets

Ghana, Oman, Kenya, Greece, New Zealand, Turkey, Brazil, Russia, China and Sri Lanka were emerging export Markets for Indian Technical Textiles during Apr-Jul'26 (markets where growth was 10% or more).

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Policy Amendments & Notifications



The Government has announced some policy changes and notifications recently that are important for exporters of Manmade Fiber Textiles and Technical Textiles. The key policy amendments related to exporters in these sectors are as follows:

1. Extension of timelines under Component II of RELIEF Intervention under Export Promotion Mission

DGFT has vide Notification No. 37/2026-27 dated 30th September, 2026, extended the validity period under Component II of the EPM RELIEF (Resilience & Logistics Intervention for Export Facilitation) till 31st March, 2027 for shipments meant for delivery or transshipment under the intervention by amending Notification No. 65/2025-26 dated 19th March, 2026.

This extension has been made to support Indian exporters and mitigate logistics challenges arising out of the continuing West Asia Crisis.

2. Extension of RoSCTL Scheme up to 31st December, 2026

The Ministry of Textiles, vide Notification dated 30th September, 2026, has extended the Rebate of State and Central Taxes and Levies (RoSCTL) Scheme on export of apparel/garments and made-ups from 1st October, 2026 to 31st December, 2026.

The Scheme shall continue with the same scope, eligibility criteria, structure, nature, coverage, cost norms and other terms and conditions as were applicable on 30th September, 2026. The prevailing rates and caps for all items under the Scheme shall remain unchanged unless notified otherwise.

3. Continuation of the RoDTEP Scheme up to 31st December 2026

DGFT, vide Notification No. 41/2026- 27 dated 30th September 2026, has continued the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme up to 31st December 2026.

The Scheme shall continue to be available for eligible exports made by Domestic Tariff Area (DTA) units, Advance Authorisation (AA) holders, Special Economic Zone (SEZ) units and Export Oriented Units (EOUs).

The existing RoDTEP rates and value caps, as applicable on 30th September 2026 and notified under Appendix 4R and Appendix 4RE, shall continue unchanged during the extended period.

4. De minimis exemption from Registration-cum-Membership Certificate (RCMC) requirements for low-value exports

The Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry, Government of India, vide Notification No. 36/2026-27 dated 15th September, 2026, has amended paragraph 2.57 of the Foreign Trade Policy, 2023, with immediate effect.

As per the amendment, the requirement of a Registration-cum-Membership Certificate (RCMC) or Certificate of Registration shall not apply to an export

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consignment where the Free-on-Board (FOB) value of the consignment does not exceed Rs. 3,00,000.
The measure has been introduced with the objective of promoting small-value exports, particularly exports through postal, courier and other emerging channels.

It may be noted that export consignments having an FOB value exceeding Rs.3,00,000 shall continue to require a valid RCMC or Certificate of Registration, wherever such requirement is otherwise applicable under the Foreign Trade Policy, 2023.

5. DGFT introduces automated facility for Grant of Export Obligation Extension through PRC/EPCG Committee - Ease of Doing Business

DGFT (Directorate General of Foreign Trade) has issued Trade Notice No. 21/2026-27 dated 21st August 2026 introducing an automated facility for grant of Export Obligation (EO) extension in respect of Advance Authorisation (AA) and EPCG Authorisation cases considered by the PRC/EPCG Committee.
As per the Trade Notice, where an exporter applies for EO extension through the PRC/EPCG Committee and the Committee approves the extension, the approved EO extension will be processed automatically through the DGFT system. Exporters will not be required to file a separate EO extension application with the concerned RA.

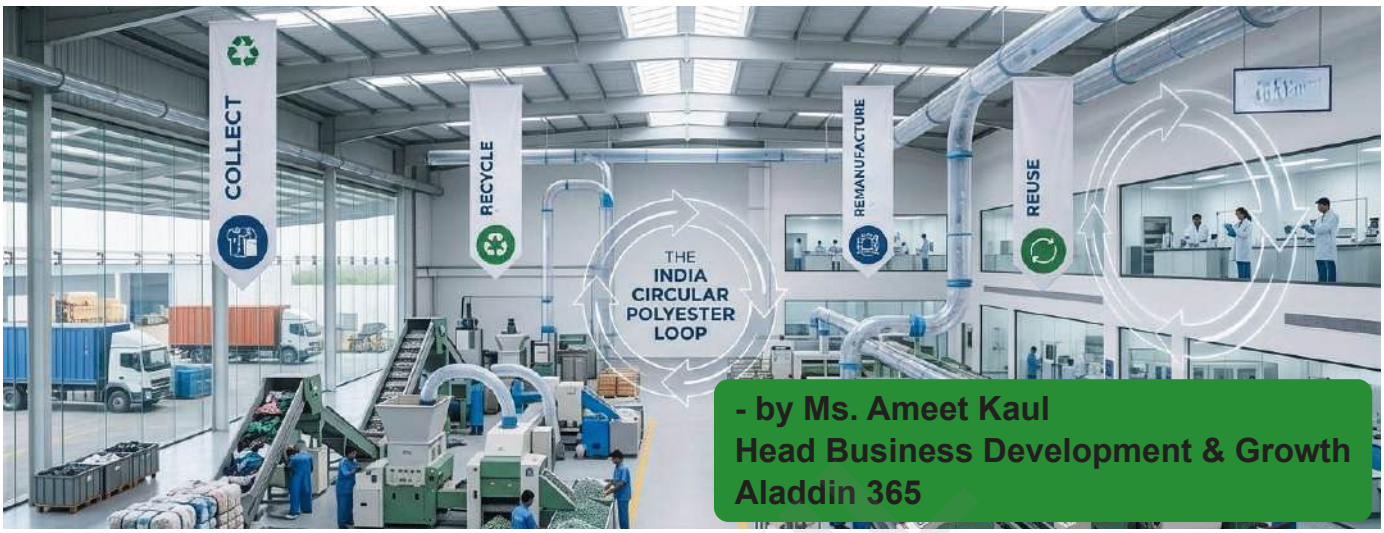
The process will operate as follows:

- The exporter applies for consideration of EO extension request in PRC/EPCG Committee for concerned Advance Authorisation/EPCG Authorisation.
- Based on the Committee's decision, if extension is approved, the said EO Extension shall be processed directly through the system. A letter will be issued for payment of the prescribed EO Extension fee on the submitted PRC/EPCG Committee file.
- The exporter shall pay the requisite fee through the DGFT portal and submit the response.
- Upon submission of the response and successful payment, the EO extension file will be automatically created, approved in the system and the corresponding EO Extension Letter will be generated.

This facility eliminates the need for re-application after approval by the PRC/EPCG Committee, with the revised EO expiry date being automatically updated in the DGFT system and transmitted to ICEGATE.

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Expert Article- Closing the Loop: Can India's Polyester Industry Become Truly Circular?



- by Ms. Ameet Kaul
Head Business Development & Growth
Aladdin 365

India's textile industry stands at an odd crossroads. It is the world's third-largest exporter of textiles and apparel, targeting $100 billion in exports, and polyester — a petrochemical fibre — now dominates the fibre basket that gets it there. Yet the same molecule that built this scale is also the industry's biggest environmental liability. Polyester is not biodegradable, its production is oil-intensive, and only a sliver of what is produced ever gets recycled back into fibre. The question facing Indian manufacturers, brands and policymakers is no longer whether to pursue circularity, but how to make it commercially real across an entire supply chain — from petrochemical feedstock to the finished garment on a shop floor in Tiruppur or Surat.

The Uncircular Foundation

Textiles consume roughly 15% of the petrochemical stream that goes into plastics, and of all textile waste generated globally, only about 1% is recycled back into textiles, with another 12% "downcycled" into lower-value products such as wiping cloths or insulation. Globally, over 30% of garments produced are never even sold, and an estimated $500 billion in value is lost annually to unrecycled clothing and poor circularity. India, with its enormous polyester spinning and weaving base — anchored by groups like Reliance Industries, Indorama Ventures and Aditya Birla — sits squarely inside this problem, and potentially, its solution.

The Bottle Bottleneck: India's Unique Feedstock Squeeze

Recycled polyester (rPET) in India has historically been built on PET bottle recycling, where India already boasts one of the world's highest collection and recycling rates. But a new regulatory shift is about to upend that supply chain. Under India's amended Plastic Waste Management Rules, packaging companies must now use 30% recycled content in rigid plastics from FY2025-26, rising to 60% by FY2028-29 — a mandate expected to open a market of 4–12 lakh tonnes of B2B rPET demand by 2030. That is PET bottle material the textile industry has relied on for years, now being pulled back into bottle-to-bottle recycling by FMCG giants.

Feedstock competitor	Pull on PET bottle supply
Packaging/FMCG (new EPR mandate)	30% recycled content now, 60% by FY29
Textile-to-fibre (traditional use)	Long-standing but now deprioritised by price
Bottle-to-bottle (closed loop)	Only ~27% of recycled PET currently goes here

This is precisely the structural problem circularity experts have flagged globally: recycled-polyester commitments from apparel brands and recycled-content mandates from packaging regulators are both chasing the same finite pool of PET bottles, and there simply isn't enough material for both industries to hit their targets simultaneously.

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SWOT: The Recycled Polyester Business in India

Strengths	Weaknesses
Large existing polyester/spinning base; high PET collection rates (~90-92%); strong brand pull (Nike, H&M, Decathlon sourcing rPET from India); PLI and PM MITRA park incentives for MMF	Feedstock now contested with packaging sector; fragmented, largely informal collection network; chemical recycling capex is ~5x mechanical recycling; limited food-grade/BIS standards for textile-grade rPET
Opportunities	**Threats**
EPR-driven B2B rPET market projected to scale to 10-12 lakh MTPA by 2030; global brands seeking alternate sourcing amid China de-risking; potential for regional, smart, made-to-order supply chains near consumption centres	Competing low-cost/high-scale rivals (China, Vietnam, Bangladesh); virgin polyester capex/opex advantage at scale; inconsistent global regulation; downcycling (not true fibre-to-fibre) remains dominant outcome

How India Compares Globally

Country	Position in polyester/rPET chain	Key advantage	Key constraint
China	~70%+ of global rPET fibre manufacturing; largest bottle-processing capacity	Unmatched scale, integrated bottle-to-fibre-to-fabric ecosystem, deep capex	Rising costs, de-risking by Western brands, environmental scrutiny
India	3rd largest textile/apparel exporter; high PET recycling rate; growing MMF/PLI investment	High collection rates, brand trust, cost-competitive labour, policy push (PLI, PM MITRA)	Feedstock competition from EPR-driven packaging demand, informal recycling sector, high advanced-recycling capex
Turkey	Established recycled-polyester and denim hub for EU brands	Proximity to Europe, quality reputation	Higher energy/labour costs than Asia
Vietnam	Fast-growing textile exporter, hosting new chemical-recycling investment (e.g., Syre)	FTA access to EU/US, new-generation recycling plants	Smaller domestic PET-collection base, import-dependent feedstock
Bangladesh	Large garment exporter, growing interest in recycled content	Massive apparel manufacturing capacity, low costs	Weak domestic recycling infrastructure; mostly a garment assembler, not a fibre recycler

India's relative advantage is that it already recycles PET at scale domestically — but it does so largely through mechanical, low-value routes. The next competitive battle is over advanced (chemical) recycling, which produces virgin-equivalent quality fibre but costs roughly five times more in capital terms than mechanical recycling. Whoever industrialises this at scale first — India, China or new entrants like Vietnam — will set the cost benchmark for "circular" polyester globally.

Government Policy Interventions to Scale Chemical Recycling

Mechanical bottle-to-bottle and bottle-to-fibre recycling is now well-established in India, but it has a ceiling: it cannot process coloured, blended or heavily contaminated textile waste, and it produces fibre of declining quality with each cycle. Moving the industry toward chemical (depolymerisation) recycling of post-consumer polyester, as Filatex is attempting, requires capital intensity roughly five times that of mechanical recycling — a gap few mills can bridge alone. A set of targeted government interventions could change that calculus:

Policy lever	What it could look like
Dedicated capital subsidy for chemical recycling	Extend an ATUFS-style capital subsidy specifically for depolymerisation/chemical-recycling machinery, distinct from the general textile technology-upgradation fund, given its far higher capex intensity
Viability Gap Funding (VGF)	Use the existing central VGF framework — currently used for infrastructure — to co-fund first-of-kind chemical recycling plants until unit economics mature, similar to how VGF has de-risked renewable energy and battery storage projects
PLI extension to recycling technology	Widen the ₹10,683-crore MMF/technical-textiles PLI scheme to explicitly reward recycled-content output and chemical-recycling capacity, not just virgin MMF fabric and apparel volumes
Ring-fenced feedstock policy	Define a textile-specific recycled-content mandate (distinct from the packaging sector's PWM targets) so post-consumer textile and PET waste streams are not entirely diverted to bottle-to-bottle packaging use
R&D and IP incentives	Offer weighted tax deduction or grant support for indigenous depolymerisation/enzymatic-recycling R&D, since patented technology (as Filatex has developed) is currently privately funded with no public co-investment
GST rationalisation	Lower GST on recycled-content yarn and fabric relative to virgin polyester to help offset the ~20-30% cost disadvantage rPET currently carries against virgin PET
PM MITRA integration	Mandate or incentivise chemical-recycling clusters within PM MITRA parks, bundled with common effluent treatment plants (CETPs), so collection, sorting, depolymerisation and spinning sit in one location

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Policy lever	What it could look like
MSME-linked support	Extend existing MSE-SPICE (capital subsidy) and MSE-GIFT (interest subvention, credit guarantee) schemes — currently aimed at green technology adoption in small units — to cover small and mid-sized recyclers investing in chemical-recycling equipment green technology adoption in small units — to cover small and mid-sized recyclers investing in chemical-recycling equipment
Formalising collection	Fund state-level, digitally traceable Municipal Textile Recovery Facilities (beyond the current Navi Mumbai pilot) in major textile clusters like Surat, Tiruppur and Ludhiana, and integrate informal waste-pickers into MSME/skill-certification frameworks

None of these require reinventing the wheel — India already runs comparable subsidy and VGF instruments for renewable energy, semiconductors and EVs. The ask is to apply the same playbook — capex support, feedstock protection and R&D incentives — to chemical recycling of polyester, treating it as the sunrise manufacturing category it is, rather than leaving scale-up entirely to individual balance sheets.

Practical Solutions Across the Value Chain

- Raw material stage: Ring-fence a portion of collected PET bottles for textile-grade recycling through a national feedstock-allocation policy, rather than leaving it purely to price competition with packaging.
- Recycling technology: Blend mechanical recycling (cheap, scalable, lower quality) with targeted chemical/depolymerisation investment for coloured and mixed-fibre waste, where mechanical routes fail.
- Design and manufacturing: Encourage brands and mills to design garments for mono-material construction, easing future fibre-to-fibre recycling.
- Collection infrastructure: Formalise India's informal waste-picker network into a certified collection ecosystem, using digital traceability (already being piloted via platforms like Recykal).
- Policy: Combine capital subsidies, viability gap funding and a ring-fenced textile recycled-content mandate (detailed above) to close the ~20-30% cost gap between rPET and virgin PET and stop packaging and textile sectors competing for the same bottles.
- Regional supply chains: Build "made-near-the-market" recycling-to-garment clusters — inside PM MITRA parks — so collection, recycling and manufacturing sit close together, cutting both cost and carbon footprint.

The Bottom Line

India has the collection rates, the manufacturing base and the policy scaffolding (PLI, PM MITRA, EPR) to lead global polyester circularity — but only if it treats textile-grade recycled feedstock as a distinct, protected stream rather than leftovers from the packaging industry's recycling targets. Without that, India risks losing its recycled-fibre feedstock to bottle-makers even as global brands demand more circular sourcing from Indian mills. The winners in this next decade will be countries — and companies — that make circularity cost-competitive with virgin polyester, not just morally preferable to it.

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Frequently Asked Questions (FAQs) on GST Law and procedures



The recommendations of the 57th GST Council Meeting held on 8 October 2026 focus on expediting GST refunds, improving the availability of Input Tax Credit (ITC), simplifying compliance and reducing procedural burdens. These measures are particularly significant for MMF textile and technical textile exporters, as they are expected to ease working capital constraints, reduce compliance costs and enhance export competitiveness.

The following FAQs cover:

- GST Registration Application
- Amendment in GST Registration
- Cancellation of GST Registration
- Simplified Registration Schemes for ECO Sellers
- Refunds
- Refund of ITC Accumulated on Account of Inward Supply of Input Services and Capital Goods
- Reforms Related to Rationalisation of Interception and Verification of Goods and Conveyances in Transit (E-Way Bill)
- Reforms for Enhancing Export Competitiveness

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Q How can I submit an application for GST registration?

You can submit the application for GST registration online on the GST portal (https://www.gst.gov.in/) through Services → Registration → New Registration.

Q Where can I find the stepby-step procedure for filing the GST registration application?

1. A step-by-step manual/tutorial for filing the GST registration application is available on the GST portal. (https://www.gst.gov.in/) through Help and taxpayer facilities → GST Knowledge Portal → Register with GST.

2. The application form on the portal also provides tooltips and real-time contextual guidance to help applicants furnish the required information correctly.

3. Further the amended GST registration FORM REG-01 will have drop down boxes and tool tips to guide you in filing the prescribed documents.

Q Whether any guidelines have been provided regarding the information/documents required to be furnished in respect of various fields in GST registration application?

1. A comprehensive guideline has been issued to provide clear and consistent guidance on the information/documents required to be furnished in various fields of the GST registration application, such as constitution of business, Principal Place of Business, etc. They also provide guidance for the tax officers across the Centre and States for uniform and expeditious processing of registration applications.

2. Furthermore, a detailed FAQ on various issues pertaining to GST registration application and its processing, shall be clarified through a circular

3. The registration form will be aligned to the circular and the user interface will be enhanced for handholding of taxpayers through auto populated fields, drop-down menus and guidance pop-ups in respect of documents required to be submitted.

Q Is there a checklist of documents and information required for filing the GST registration application?

Yes. The same shall be clarified through a circular, specifying the information and documents required for filing the registration application so that applicants can keep the required information and documents ready before submitting the application.

Q What documents are required as proof of Principal Place of Business (PPoB))?

A consolidated list of documents required as proof of PPoB and APoB in different situations shall be provided in the circular and FORM GST REG-01, shall be suitably amended. Accordingly, when an applicant selects the type of premises on the GST portal, the portal will display only those documents that are relevant to that particular type of premises say owned or rented premises shall show different document requirements. No additional documents are required to be uploaded or sought by the officer in respect of the GST registration application. The same shall be clarified through a circular.

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Q What changes have been introduced in respect of amendment of GST registration?

1. The amendments relating to the legal name of the business, constitution of the business and Additional Place of business, hitherto were considered core amendments and therefore required approval from the officer. However, now such amendments would be considered non-core amendments and such amendments would be automatically processed by the system without need of approval from the officer.

2. Further, the amendment of Principal Place of Business (PPoB) in respect of registration obtained under rule 14A of CGST Rules, 2017, will also be considered non-core amendment now and will be processed through this automatic route by the system, without requiring approval of the officer.

3. However, for GST registrations other than those obtained under Rule 14A of CGST Rules, 2017, any amendment in PPoB would continue to be considered core amendment and would require approval of the officer.

Q How can I change the legal name of my business?

You need to submit an application in FORM GST REG-14 on the common portal. After successful submission of application on the common portal and on successful validation of PAN details furnished by you, the legal name will be amended by the system.

Q How can I add an Additional Place of Business (APoB) to my GST registration?

You need to submit an application on the common portal in FORM GST REG-14, along with the required documents as proof of the place of business, as specified in the list attached to FORM GST REG-01. The application will be processed automatically by the system and the APoB details will be added in the registration of the applicant.

Q I have taken registration under simplified registration scheme, under rule 14A of CGST Rules, 2017. What is the process for changing my Principal Place of Business (PPoB)?

You need to submit an application on the common portal in FORM GST REG-14, along with the required documents as proof of the place of business, as specified in the list attached to FORM GST REG-01. The application will be processed automatically by the system and the PPoB details will be amended in the registration of the applicant.

Q I am a normal taxpayer registered under rule 9 of CGST Rules, 2017. How can I change my PPoB?

1. You need to submit an application on the common portal in FORM GST REG-14 along with the required documents as proof of the Principal Place of Business, as specified in the list attached to FORM GST REG-01.

2. On successful submission of application, the application will be processed by the proper for amendment of PPoB in the following manner:

i. If there is no discrepancy, the application will be approved by the Proper officer within 15 days from the date of application.

ii. If there is a discrepancy in the PPoB application, the proper officer shall issue a show-cause notice within 15 days from the date of application. The applicant must reply within 7 working days from the date of issue of the notice.

iii. After receiving the reply, the officer shall to take action within 7 working days.

Q I wish to add multiple additional places of business in my registration details. Do I need to wait for approval of my earlier application before filing a new amendment application?

Since amendment to additional place of business will be accepted automatically by the system, there would not be any waiting required.

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Cancellation of GST registration

Q I am registered under GST. In what circumstances can I apply for cancellation of my GST registration?

Cancellation of GST registration can be applied for in the following circumstances:

- Your business has been completely discontinued, closed down, or transferred fully for any reason.
- There is a change in the constitution of the business resulting in a new PAN.
- Your business has been amalgamated, demerged, or disposed of.
- You are no longer liable to be registered.

Q How should I apply for cancellation of my GST registration?

1. You can submit your application online in FORM GST REG-16 by following these steps:

- Go to the official GST Portal https://www.gst.gov.in/ and log in using your valid credentials.
- Go to Services > Registration > Application for Cancellation of Registration (FORM GST REG16).
- Provide the reason for cancellation, the date from which you want the registration to be cancelled, details of your closing stock, and any tax liabilities associated with it.
- Submit the Application- Verify the details using a Digital Signature Certificate (DSC) or Electronic Verification Code (EVC) and submit the form

2. Once submitted, an ARN (Application Reference Number) will be generated. You can track the status on the portal.

Q Is there any specific time limit in which I should apply for cancellation of my GST registration?

1. Yes, you should file an application for cancellation of your registration within 30 days of occurrence of event warranting cancellation of your registration.

2. However, in the event of death of a sole proprietor, there is no such time limit for filing application of cancellation of registration.

Q What are the conditions which need to be fulfilled for enabling autoacceptance of my application for cancellation of registration?

The following conditions need to be satisfied for the auto-acceptance of application for cancellation of registration viz; -

i. Furnishing of all the returns due for filing on or before date of application for cancellation.

ii. Payment of any due tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority.

iii. If you have furnished details of outward supply in FORM GSTR-1 or Invoice Furnishing Facility (IFF) of a tax period, you will have to mandatorily file the return in FORM GSTR-3B for the said tax period before submission of your application for cancellation.

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Q I have never passed on ITC exceeding Rs 2.5 lakh in any of the month since my registration, how my application for cancellation of registration will be processed?

Upon submission of application and subject to fulfillment of conditions mentioned above, your request will be accepted automatically by the system and communication in this regard will be sent to you on the common portal in FORM GST REG-38.

Q I have passed on ITC exceeding Rs 2.5 lakh in any of the month. How my application for cancellation of registration will be processed?

1. In Phase 1, if you file your application for cancellation of registration in FORM GST REG-16 along with the final return in FORM GSTR-10, your application would be processed on an automated basis, by the system.

2. In Phase-2, you just need to file the application in FORM REG-16 and the system will process the application.

Q My registration has been suspended by the system on the portal, as I have not filed return for consecutive period of six months, I fail to file the pending return within one month of such suspension, whether my registration will be cancelled?

1. In cases where registration has been suspended by the system on account of non-compliances such as non-filing of returns for consecutive six months or non-furnishing of bank account as required under rule 10A of CGST Rules, section 29 is being amended to provide for registration to be cancelled by the system, without intervention of officer.

2. Further, on compliance of the said non-compliances and filing of application for revocation by the taxpayer in FORM GST REG-21 within 180 days of the date of cancellation, system-based revocation of such cancelled registration has been provided for.

Q What changes have been made in respect of the grounds on which proper officer can initiate cancellation of my GST registration?

GST Council in its 57th meeting, recommended to omit four grounds for cancellation of registration from rule 21 of CGST Rules, 2017, as follows:

i. availment of input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder;

ii. violation of the provisions of section 171 of the Act(Anti-profiteering);

iii. violation of the provision of rule 86B;

iv. where the details of outward supplies in FORM GSTR-1/1A, for one or more tax periods is in excess of the outward supplies declared in FORM GSTR-3B.

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Simplified Registration Schemes for ECO Sellers

Q What is the simplified registration scheme for sellers supplying goods through electronic commerce operators (ECOs)?

The Simplified Registration Mechanism for small sellers on the electronic commerce operators' platform is an optional registration scheme for such suppliers, inter alia, with the following features:

• Sellers intending to pass ITC less than Rs. 2.5 lakh in a month (excluding stock transfer) can declare ECO's warehouse as their principal place of business (PPoB) in the State/UT in which they do not have physical presence.

• Mandatory biometric based Aadhaar authentication and physical verification in their home State.

• Registration under this scheme shall be used for supplying goods exclusively through ECO's platform.

• Single registration against a PAN can be obtained in a State/UT.

• Registration to be sought on prior concurrence from ECO for declaring it's warehouse as PPoB.

Q What conditions must be fulfilled to obtain registration under the scheme?

The following conditions must be met to obtain registration under the scheme:

• The person must intend to make supplies of goods only through electronic commerce operators, who are required to collect tax at source under section 52 of the CGST Act, 2017. Thus, non-ECO supplies can not be made through such registration.

• The total output tax liability comprising Central tax, State or Union territory tax and integrated tax on supplies made to registered persons, other than to those persons registered on the same PAN, must not exceed Rs. 2.5 lakh per month.

• The electronic commerce operator must give consent to the registered person for declaring his warehouse as the Principal Place of Business (PPoB).

Q How can I apply for registration under the scheme?

You need to apply in FORM GST REG-01 on the common portal for registration in a State or Union territory opting for registration under rule 14B of CGST Rules, 2017.

• You must declare the GSTIN obtained against the same PAN in your home-State.

• You must provide the address and particulars of the warehouse of the ECO, which is to be declared as the Principal Place of Business in that State or UT and you must also provide details of any other ECO warehouses in that State or Union territory to be declared as Additional Places of Business (APoB).

• He must have regular registration other than the under this scheme or rule 14A of CGST Rules, 2017.

Q How will my application be processed under the scheme?

• The application will be forwarded to the concerned ECO, whose warehouse is declared to be used as PPoB in that State/UT, or APoB, for consent within 7 working days.

• On receipt of consent, the application will be forwarded to the jurisdictional officer of the home State for biometric-based Aadhaar authentication, photograph and verification of original documents and physical verification of the PPoB in the home State, where such authentication or verification has not already been done.

• Upon verification, registration will be granted electronically by the common portal.

• The application will be rejected electronically if the verification is not successful.

Q What particulars related to PPoB or APoB will be shown in the registration certificate issued to a seller under the simplified scheme?

The registration certificate will contain the details of the ECO warehouses declared as the Principal Place of Business or Additional Place of Business in that State/UT, along with the address of the Principal

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Place of Business in the home State.

Q What will happen if the ECO does not give its consent to have its warehouse registered as the PPOB or APOB within 7 days?

The simplified registration scheme shall be available to a seller supplying goods through an ECO only upon the ECO's consent to have his warehouse registered as the PPOB or APOB of the seller in the concerned State. Thus, in case consent is not given by the ECO, the application of the seller will be deemed to be rejected.

Q I have obtained registration under rule 14A of the CGST Rules, 2017. Can I obtain registration under the simplified registration scheme for sellers supplying goods through ECOs in another State or Union territory?

If you have obtained registration in the home State only under rule 14A of CGST Rules, 2017 and intend to obtain registration under the scheme under rule 14B of CGST Rules in another State or Union territory, you must first submit a withdrawal application in FORM GST REG-32 to withdraw from the option under rule 14A in the home State before applying for registration in another State/UT under this scheme under rule 14B.

Q Can I withdraw from the scheme?

Yes. A person registered under this scheme under rule 14B may withdraw from the option availed under the scheme by submitting an application in FORM GST REG-32.

Q How can I amend the registration obtained under the scheme?

If the address of the ECO warehouse declared as the Principal Place of Business or Additional Place of Business is to be amended, you need to apply in FORM GST REG-14 on the common portal. The provisions relating to ECO consent will apply and, upon receipt of consent of ECO, the relevant address in respect of Principal Place of Business or Additional Place of Business, as the case may be, will stand amended. For any other change in the registration certificate, the certificate shall stand amended to the extent applied for, upon submission of the application in FORM GST REG-14 under rule 19 of the CGST Rules.

Q What are the obligations of a registered person (seller/supplier) under the scheme?

• A person registered under this scheme must maintain the books of account and other records, including electronic data, at the Principal Place of Business in the home State for each registration obtained in different States or Union territories against the same PAN.

• He will be required to submit the same when demanded by the proper officer of the state where he has obtained registration under Rule 14B.

• Where the ECO withdraws his consent, the registered person must submit FORM GST REG14, within 30 days of the ECO's intimation of withdrawal of consent, to change the Principal Place of Business or Additional Place of Business, as applicable, in that State/UT.

Q What are the obligations of an electronic commerce operator under the scheme?

• The registration application made under the scheme will be forwarded on the common portal to the ECO for his consent to permit his warehouse to be declared as the Principal Place of Business or Additional Place of Business in that State/UT. ECO must take a decision on the same within 7 working days from the date of receipt of application.

• The ECO must appoint an authorised representative in each State or Union territory for arranging and providing information required by the tax authorities from the person registered under the scheme.

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• If the ECO withdraws his consent for use of his warehouse as the Principal Place of Business or Additional Place of Business, he must intimate the said withdrawal on the common portal.

Q In what circumstances registration obtained under the scheme under rule 14B will be cancelled?

The registration will be deemed to be cancelled electronically by the common portal and communicated in FORM GST REG-38 if the ECO withdraws permission for using his warehouse as PPoB in that State/UT and the registered person does not apply for amendment of registration details within 30 days of the withdrawal; or if the registration in the home State, on the basis of which registration under the scheme was obtained, is cancelled.

Q How many registrations can I obtain in a State or Union territory under the scheme?

Under this scheme, a single registration can be obtained against a PAN in a State or Union territory.

Q Do I need to display my GST registration certificate and GSTIN at the ECO warehouse?

No. A person registered under this scheme is not required to display the registration certificate and GSTIN on the name board at the ECO warehouse.

Q What are the key changes being introduced in the refund mechanism?

• The existing refund mechanism is being modified to provide for time-bound and automated processing of refund claims in specified categories on the basis of risk analysis by the system, so as to enhance ease of doing business, improve transparency and expedite the processing of refund claims to ease the working capital requirement of the taxpayers. The changes are being introduced in 2 phases as per readiness of the system.

• If the ECO withdraws his consent for use of his warehouse as the Principal Place of Business or Additional Place of Business, he must intimate the said withdrawal on the common portal.

Phase I: There shall be reduction of time limit for acknowledgement or deficiency memo from 15 to 10 days, and in case, no action is taken by the officer in 10 days, the application will be deemed to be acknowledged and the acknowledgement will be given by the system.

• There will be automated sanctioning of provisional refund, to the extent of 90% of the refund amount claimed, by the system for acknowledged low-risk refund claims pertaining to zero-rated supplies or inverted duty structure.

• There will be automated sanctioning of final refund by the system in case of refund claim on account of any balance in electronic cash ledger.

• **Phase II:** Auto acknowledgement of refund application shall be done by the system after validation of information in the refund application.

• In case of any mismatch, the system would communicate the error(s) to the taxpayer for rectification of the errors and filing of a fresh application. However, in case the validation failure reoccurs, the application may be forwarded to the proper officer for scrutiny and processing.

• Further, in case of low-risk zero-rated supply refund claims, final refund shall also be automatically given by the system.

Q Which categories of refund are eligible for automated provisional refund?

Refund of unutilized ITC for low-risk refund claims pertaining to zero-rated supplies or inverted duty structure are eligible for automated provisional refund.

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In case of low-risk refund claims on account of zero-rated supplies and inverted duty structure, after the issuance of acknowledgement, 90% of the claimed amount will be sanctioned provisionally by the system on an automated basis, without the intervention of tax officer.

Q Are there any exclusions to sanction of provisional refund in respect of refund claims on account of zerorated supplies and inverted duty structure?

There are certain exclusions as under:

• Certain notified categories of persons engaged in the supply of commodities such as areca nuts, pan masala, tobacco and manufactured tobacco substitutes, essential oils are not eligible for refund on provisional basis.

• Any person, who has not undergone Aadhaar authentication under rule 10B of the CGST Rules, 2017, shall also not be eligible for refund on a provisional basis. Kindly refer to notification No. 14/2025–Central Tax dated 17.09.2025 for more details.

• Restriction will be applicable in cases where a DRC-01 has been issued against an RFD-06, or where an APL-03 has been filed without a corresponding APL-04, or where an APL-07 has been filed against an appellate order and APL-04 is yet to be issued, ensuring such cases are referred for appropriate scrutiny before provisional refund is sanctioned.

Q Is there any restriction on refund of unutilized ITC on account of inverted duty structure refund claims?

Yes. Refund shall not be allowed on account of inverted duty structure in respect of goods notified vide notification No. 5/ 2017-Central Tax (Rate) dated 28.06.2017 (as amended).

Further, statutory restrictions on sanction of refund will be applicable in terms of sub-section (10) and (11) of section 54 of the CGST Act, which inter alia provide for withholding of refund where the refund order is subject to any appeal or other proceedings through linkages with relevant modules.

Q What will be the role of officer in the processing of refund application?

In Phase I, the officer shall issue acknowledgement within 10 days of receipt of application after checking for its completeness. In case he finds any discrepancy in the documents, a deficiency memo in FORM RFD03 may be issued to the claimant intimating such deficiency. While the provisional refund in the acknowledged cases will be sanctioned by the system in cases involving low risk zerorated supplies and inverted duty structure, the final processing and scrutiny of refund will be done by the proper officer. Further, in cases where the refund claim is not eligible for provisional refund, the processing and scrutiny of refund applications shall be done by the proper officer.

In Phase II, the following cases will be handled by the proper officer:

i. processing of refund claims which are not identified by the system for processing on an automated route.

ii. Final scrutiny of refund claims in case of inverted duty structure refunds, after provisional refund to the extent of 90% of the claimed amount is sanctioned by the system.

Q Can the proper officer deny provisional refund even if a refund application is low-risk?

In case of low-risk refund applications on account of zero-rated supply and inverted duty structure, the system will automatically sanction 90% of the claimed amount on a provisional basis. This will be fully system-driven and there will be no officer interface at this stage.

Q What is the revised timeline for issuing the provisional refund order?

The provisional refund order in FORM GST RFD-04 is proposed to be issued within three working days by the system from the date of acknowledgement.

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Q How would a low-risk refund claim be processed subsequent to automated provisional refund?

Once the system grants provisional refund in a low-risk refund application, the application shall move to the proper officer for scrutiny and issuance of final refund order in FORM GST RFD-06.

Q What happens if a refund application is not classified as low-risk?

If a refund application is not classified as lowrisk, it shall be scrutinized by the proper officer after acknowledgement, for the purpose of sanction of provisional refund (in case of refund claims on account of zero-rated supplies and inverted duty structure) and subsequent processing of final refund.

Q What is the prescribed time limit for issuance of acknowledgement or deficiency memo by the tax officer?

In refund categories other than excess balance in cash ledger, the proper officer is now required to issue an acknowledgement in FORM GST RFD-02 or deficiency memo in FORM GST RFD03 within 10 days of filing of the refund application. If neither acknowledgement nor deficiency memo is issued within this period, the application will be deemed acknowledged by the system.

Q What will happen if neither an acknowledgement nor a deficiency memo is issued within this time?

If neither an acknowledgement nor a deficiency memo is issued within 10 days of filing of refund application, then the application will be deemed acknowledged, i.e., an acknowledgement in FORM GST RFD-02 will be made available through the common portal on expiry of the said period.

Q Will the refund application be processed automatically by the system after deemed acknowledgement?

No. Deemed acknowledgement only means that the refund application is treated as received and complete for the purpose of starting the processing timeline. Further processing of the refund application shall be done as per the risk-based framework and applicable provisions.

Q What is the process to be followed in cases where a refund application is found to have deficiencies?

1. In refund applications which are found to have deficiencies, proper officer issues a deficiency memo in FORM GST RFD-03. After a deficiency memo has been issued, the refund application would not be further processed, and a fresh application would have to be filed by the applicant on the portal.
2. Any amount of input tax credit/cash debited from electronic credit/ cash ledger at the time of filing of refund application would be re-credited automatically once the deficiency memo has been issued.
3. The applicant is required to rectify the deficiencies highlighted in deficiency memo and file fresh refund application electronically in FORM GST RFD-01 again for the same period.

Q Can a deficiency memo be issued after acknowledgement?

Once an acknowledgement has been issued in relation to a refund application, no deficiency memo, on any grounds, can be subsequently issued for the said application.

Q What happens if my refund is not sanctioned within the statutory timeline?

If a refund is not sanctioned within the statutory time limit, the refund applicant becomes entitled to interest on delayed refund for the period of delay beyond 60 days as per the provisions of section 56 of the CGST Act, 2017.

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Q How will the refund be granted for inverted duty structure claims in Phase II?

In Phase II, the refund application will be acknowledged automatically by the system after validation of information furnished in the refund application. Ninety per cent of the claimed amount will be sanctioned as provisional refund automatically by the system based on risk evaluation, with the payment order issued in FORM GST RFD-05. Thereafter, the refund application will be processed by the tax officer for issuance of final refund order.

Q How will my refund of excess balance in the electronic cash ledger be processed now?

Refund of excess balance in the electronic cash ledger will be processed in a fully automated manner by the common portal itself.

Q Will there be any role of the officer in refund of excess cash balance in electronic cash ledger?

No. Such a refund will be processed without requiring any intervention by a tax officer.

Q Will I be able to file my refund application if I have not yet filed my GST return?

Before filing a refund application, it must be ensured that all returns that are due to be filed on or before the date of the refund application have in fact been filed by the registered person. For example, if refund application is being filed on the 3rd of April, 2026 the returns for the month of February, 2026 should have been filed.

Q Is there a need to submit any documents physically with the jurisdictional officer?

No. There is no need to submit physical documents separately as the refund process is presently fully electronic. All statements, declarations, undertakings, and supporting documents are to be uploaded on the common portal at the time of filing. Even after this amendment, there is no need to submit these documents physically to the jurisdictional officer.

Q Will the new form increase my compliance burden?

No, the updated refund form does not increase compliance burden. Information that was hitherto required to be uploaded in scanned form will now be captured within the application itself, enabling system-based data matching. This makes the refund process more predictable, smooth, and transparent, thereby benefitting the taxpayer.

Q Do I need to submit invoices at the time of filing of refund?

No. As mentioned in para 36 of circular No. 125/44/2019-GST dated 18.11.2019, there is no need to submit invoices (either original or duplicate) along with the refund claim.

Q Will my shipping bill and export payment details be verified automatically?

Yes. In Phase II, for refunds on account of zerorated supplies, the system will be integrated with ICEGATE (for shipping bill and bill of export details), with EDPMS of the RBI (for Yes. In Phase II, for refunds on account of zerorated supplies, the system will be integrated with ICEGATE (for shipping bill and bill of export details), with EDPMS of the RBI (for

Q What if my application does not pass the system's validation?

You will be informed of the specific errors so that you can rectify them and file a fresh application. If validation is still unsuccessful after correction, your application will be forwarded to the proper officer for scrutiny and processing, so that processing of your claim continues to move forward.

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Q What can I do to ensure that my application is processed smoothly by the system?

To ensure smooth processing of refund application by the system, the applicant may keep the following points in mind while filing their refund application:

1. Ensure that the data is filled correctly in the application, and no clerical errors are made.
2. The data being filled in the refund application must match the data filled in the returns or other documents such as shipping bill by the applicant.
3. Validation failures can be avoided by ensuring that data matching across various documentary compliances is maintained.
4. The refund application must be checked properly before submission to avoid errors at the time of filing.
5. The claimant must ensure that ineligible ITC (such as ITC restricted under section 17(5) of the CGST Act, 2017) is not being taken into account for the purpose of refund calculation. 6. The claimant must ensure that any reversal of input tax credit required under rule 42 or rule 43 of the CGST Rules, 2017 is carried out as prescribed under the said rules.

Q Will I get interest if my refund is withheld under section 54(11) and I later become entitled to it? From when and till which date will this interest be calculated?

Yes. Where a refund is withheld under section 54(11) and the applicant subsequently becomes entitled to it as a result of appeal or other proceedings, interest is payable at the rate of 6%. The interest will be computed for the period starting from the date the refund was withheld till the date the refund is actually paid.

Q Is there a minimum amount below which refund is not paid?

Yes, a threshold of Rs.1,000 continues to apply below which refund is not paid. The threshold of Rs. 1,000 will be applied with reference to the total refund amount payable across all tax heads taken together, rather than separately for each individual tax head. However, this minimum threshold of Rs. 1000 is not applicable in respect of refund on account of goods exported out of India with payment of tax.

Q I am an exporter making zero-rated supply of goods and claiming refund on account of accumulated input tax credit for such zero-rated supplies. Am I required to provide value of like goods supplied domestically by similarly placed supplier for the calculation of turnover of zero-rated supply of goods under rule 89(4)(C) of the CGST Rules?

Keeping in mind the difficulty being faced by taxpayers, as well as genuine concerns of taxpayers regarding providing the value of like goods supplied domestically by similarly placed supplier, the condition regarding calculation of turnover of zero-rated supply of goods as value which is 1.5 times the value of like goods domestically supplied, for calculation of refund is being removed through amendment in rule 89(4)(C) of the CGST Rules, 2017.

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Q What is the change being proposed in respect of refund of unutilised input tax credit (ITC) on input services and capital goods?

At present, under rule 89 of the CGST Rules, 2017, "Net ITC" excludes ITC availed on capital goods in the case of refund of unutilized ITC on account of zero-rated supplies made, and excludes ITC availed on both input services and capital goods in the case of refund on account of inverted duty structure. It has now been recommended by the GST Council to:

i. include ITC availed on input services (availed on or after 01.11.2026) in "Net ITC" for computation of refund on account of inverted duty structure under rule 89(5) of the CGST Rules, 2017; and

ii. include ITC availed on capital goods (availed on or after 01.04.2027) to the extent attributable to the relevant period, in "Net ITC" for computation of refund on account of zero-rated supplies under rule 89(4) and inverted duty structure under rule 89(5) of the CGST Rules, 2017. This will ease the blockage of working capital for businesses

Q From which date would such ITC be available for refund?

The refund of ITC on input services and capital goods shall shall be available in respect of:

i. ITC on input services availed on or after 1st November, 2026, and

ii. ITC on capital goods availed on or after 1st April, 2027.

Q Whether refund of accumulated ITC will be available, even if the inverted duty structure is on account of rate of input services being higher than the rate of outward supplies?

No. The existence of inverted duty structure shall continue to be determined by comparing the rate of tax on inputs with the rate of tax on output supplies only. Only where such inversion is established, ITC on eligible input services, along with ITC on capital goods attributable to the relevant period, shall be included in "Net ITC" for computation of the refund amount. The proposal does not expand the class of persons eligible for refund under clause (ii) of the first proviso to section 54(3) of the CGST Act, 2017.

For instance, the following two scenarios can be considered to understand the difference:

Case A: A manufacturer procures inputs taxed at 18% and makes output supplies taxed at 5%. He also avails ITC on input services such as professional services taxed at 18%. As the rate of tax on inputs is higher than the rate of tax on output supplies, inverted duty structure exists. ITC on input services availed on or after 1st November, 2026 shall be included in "Net ITC" for computation of refund.

Case B: A supplier procures inputs taxed at 5% and makes output supplies taxed at 5%, but avails input services taxed at 18%. As there is no inversion between the rate of tax on inputs and the rate of tax on output supplies, the supplier is not eligible for refund on account of inverted duty structure merely because the rate of tax on input services is higher.

Q In which categories of refund will ITC on capital goods be considered?

ITC on capital goods shall be considered in the following categories:

i. refund of unutilised ITC on account of zerorated supplies made without payment of tax under bond or LUT under rule 89(4), and

ii. refund of unutilised ITC on account of inverted duty structure under rule 89(5). The change does not affect zero-rated supplies made on payment of integrated tax, as there is no restriction on utilization of ITC on capital goods for payment of tax on such supplies.

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Minimum threshold for issuance of show cause notices under sections 73, 74 & 74A of the CGST Act, 2017

Q If the amount of tax is exactly ₹10,000, will the minimum threshold for issuance of a show-cause notice be satisfied?

Yes. The minimum threshold shall be considered to have been met where the relevant amount of tax, including the applicable cess covered by the Explanation, is ₹10,000 or more. Accordingly, where the amount of tax is exactly ₹ 10,000 a show cause notice may be issued.

Q How is the minimum threshold of ₹10,000 to be determined under sections 73, 74 or 74A of the CGST Act, 2017, where the demand involves more than one tax head, such as CGST, SGST/UTGST, IGST and cess?

The minimum threshold of ₹10,000 shall be determined with reference to the aggregate amount of tax involved under CGST, SGST/UTGST, IGST and cess, as applicable. It is not necessary for the amount under each individual tax head to independently meet the threshold of ₹10,000.

Q Will interest, late fee or penalty be taken into account for determining the minimum threshold of ₹10,000 under sections 73, 74 or 74A of the CGST Act, 2017?

No. The minimum threshold of ₹10,000 shall be determined with reference to the amount of tax including the applicable cess. Interest, late fee and penalty shall not be included for determining whether the threshold is met.

Q Will the minimum threshold of ₹10,000 for issuance of demand notices, apply in cases involving input tax credit wrongly availed or utilised?

Yes. The amount of tax relating to input tax credit wrongly availed or utilised, shall be taken into account for determining whether the minimum threshold of ₹10,000 is met. Where such amounts arise under more than one tax head, the relevant amounts shall be aggregated for this purpose.

Deeming of penalty payment as charge and rationalization of penalty, in case of voluntary payment under the CGST Act, 2017

Q Does substitution of the term "penalty" with "charge" under the CGST Act, change the amount payable by the taxpayer under the voluntary payment provisions?

No. The substitution of the term "penalty" with "charge" shall not alter the quantum of the amount payable. The amount payable shall remain the same as prescribed under the relevant provisions of the CGST Act.

Q Will the amount referred to as "charge" (substitution of the term "penalty") under the CGST Act, be payable in addition to the tax and interest?

Yes. To avail the benefit of conclusion of proceedings, the noticee shall be required to pay the tax along with applicable interest and the prescribed reduced amount of penalty within the specified timeline. Upon such payment, the amount presently referred to as "penalty" under the relevant provision shall be referred to as "charge" under the amended provision

Q Under which head the amount payable as "charge" should be deposited?

The amount payable as "charge" shall be deposited under the head "Others", in accordance with the prescribed payment mechanism.

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Q Can a conveyance be intercepted on a random basis to verify the e-way bill after the proposed amendment?

No. A conveyance may be intercepted only on the authorisation of a proper officer not below the rank of Joint Commissioner, who has reasons to believe, to be recorded in writing, that the goods being carried in the conveyance are being transported in contravention of the provisions of the CGST Act, 2017 or the rules made thereunder.

Q Officers of which jurisdiction can inspect, detain or seize goods and conveyances in transit after the amendment?

The goods may be inspected, and detained or seized in accordance with section 129 of the CGST Act, 2017, only by an officer of the jurisdiction/ State or Union territory where either the supplier or the recipient is located. No inspection, detention and seizure of goods/ conveyance can be done by transit states.

For example, M/s X of State A supplies goods to M/s Y of State B, and the goods move through State C. Officers of State A (the supplier's State) or State B (the recipient's State) may intercept, inspect, detain or seize the goods. Officers of State C shall not exercise these powers, as neither the supplier nor the recipient is located there.

In case of an intra-State supply, where both the supplier and the recipient are located in State A, only officers of State A may exercise these powers.

Q What action can be taken by the officer of a transit State where, on verification of documents, a contravention is noticed?

The officer of a State or Union territory where neither the supplier nor the recipient is located shall not undertake any inspection, detention or seizure of the goods or the conveyance.

He shall allow the conveyance and the goods to pass through unhindered and shall transmit the information, to the officer having jurisdiction over the supplier or the recipient, as the case may be.

For example, goods moving from State A to State B are intercepted in State C, and an incorrect HSN is noticed in the e-way bill. The officer of State C shall allow the vehicle to proceed and transmit the information to the jurisdictional officer of State A or State B

Q Where no information relating to the consignment has been furnished electronically (i.e. no e-way bill has been generated), or conveyance is not carrying the prescribed documents, can an officer detain or seize goods in transit irrespective of where the supplier or recipient is located?

Yes. Where no information relating to the consignment has been furnished electronically (i.e. no e-way bill has been generated), or the person in charge of the conveyance is not carrying the prescribed documents, the authorised officer may inspect the goods and may detain or seize them in accordance with section 129, even where neither the supplier nor the recipient is located in his State or Union territory. For example, a truck carrying goods valued at ₹5 lakh passes through State C without an e-way bill and without any invoice or delivery challan showing the origin and destination of the goods. The officer of State C may detain or seize such goods.

Q Can goods or conveyances in transit be confiscated under section 130 of the CGST Act, 2017?

No. section 130 shall apply only to cases other than those in transit. Goods and conveyances in transit shall be dealt with only under section 129, read with section 68. Further, goods and conveyances in transit shall not be detained or seized for any reason other than those specified under section 68.

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Q What changes have been recommended by the GST Council in respect of arrest and prosecution provision under GST?

The GST Council has recommended:

- removal of the arrest provisions under GST;
- increase in the threshold for prosecution from Rs. 1 crore to Rs. 5 crore;
- omission or narrowing of certain offences under section 132(1) of the CGST Act, and redrafting of clause (c) thereof;
- rationalisation of the maximum term of imprisonment from three or two years in case of tax evasion of more between Rs 5 to Rs 10 Crore; and
- discretion to the Court to impose only a fine, and removal of the minimum imprisonment of six months.

Q Can someone be arrested under GST after the proposed amendment?

No. The arrest provisions under GST are now proposed to be removed, and no person shall be arrested for an offence under the GST law. However, prosecution may still be launched before the competent Court, on a complaint filed by the tax authorities, where the amount involved exceeds Rs. 5 crore.

Q In which cases can someone be prosecuted under GST?

Prosecution may be launched for offences under section 132(1) where the evaded tax amount exceeds Rs. 5 crore, as against the present threshold of Rs. 1 crore.

Q What will be the punishment on conviction after the amendment?

The maximum term of imprisonment is being rationalised as under:

• where the amount involved exceeds Rs. 10 crore: imprisonment up to five years, or fine, or both;

• where the amount involved exceeds Rs. 5 crore but does not exceed Rs. 10 crore: imprisonment up to two years, or fine, or both.

Q Someone who is convicted, will imprisonment be compulsory?

No. The punishment is proposed to be changed from "imprisonment and fine" to "imprisonment or fine or both", so that the Court may have discretion of awarding punishment. Further, the requirement of a minimum imprisonment of six months under section 132(3) is being removed, so as to confer discretion on the Court.

Q Which offences are being omitted or narrowed for the purpose of prosecution?

• Clause (i) of section 132(1), relating to supply of services in contravention of the Act, is being omitted, as the offence is difficult to quantify and liable to subjective interpretation.

• Clause (e) of section 132(1): the expression "evades tax" is being omitted, so that the clause is confined to fraudulently obtaining refund.

• Clause (h) of section 132(1): the expression "or in any other manner deals with" is being omitted, leaving only the specific acts listed in the clause.

Q What amendment is being brought in the place of supply provisions under section 13 of the IGST Act?

For services requiring goods to be made physically available to the supplier in India for the provision of service (e.g., testing, repair, R&D, clinical trials), place of supply is considered as the location of performance of services, i.e. in India as per provisions of section 13(3)(a) of the IGST Act, 2017, denying export/zero-rating benefit even though the recipient is abroad and payment is received in foreign exchange. Omission of clause (a) of section 13(3) will bring such services under the default rule of section 13(2), i.e., place of supply as the location of the recipient.

Source: gstcouncil.gov.in

WATEXIL

Frequently Asked Questions (FAQs) on Interest Subvention Support for Pre- and Post Shipment Export Credit

The Government has introduced Interest Subvention for Pre-Shipment and Post-Shipment Export Credit as an intervention under the Export Promotion Mission (EPM) – Niryat Protsahan, with the objective of reducing the cost of export finance and improving working-capital liquidity for eligible MSME exporters.

The intervention was launched by the Directorate General of Foreign Trade (DGFT) vide Trade Notice No. 20/2025-26 dated 2 January 2026. DGFT subsequently issued a series of Trade Notices providing amendments and clarifications, including Trade Notice No. 22/2025-26 dated 16 January 2026, Trade Notice No. 33/2025-26 dated 20 March 2026, Trade Notice No. 01/2026-27 dated 20 April 2026, Trade Notice No. 03/2026-27 dated 13 May 2026, Trade Notice No. 13/2026-27 dated 14 July 2026 and Trade Notice 17/2026-27 dated 7 Aug 2026.

The scheme provides interest subvention of 2.75% per annum on eligible pre-shipment and post-shipment Rupee export credit, subject to a maximum benefit of ₹50 lakh per IEC per financial year, and is available to eligible MSME manufacturer exporters and merchant exporters in respect of notified eligible tariff lines.

The support is intended to reduce the interest burden on eligible export credit and is applicable to the interest cost actually borne by the exporter.

In view of the queries received from members regarding the scheme, MATEXIL has prepared a set of Frequently Asked Questions (FAQs) based on the provisions of the Trade Notice to help in understanding of the scheme.

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A. BASIC ELIGIBILITY

Q What is the objective of the Interest Subvention Scheme under EPM?

The objective is to facilitate improved access to affordable pre-shipment and post-shipment Rupee export credit for MSME exporters by reducing the cost of such credit and improving their working-capital liquidity.

The scheme is intended to provide a rules-based interest-relief mechanism and is not linked to export performance, pricing or quantity exported.

Q Who can avail the benefit?

The benefit is available to eligible:

- Micro Enterprises;
- Small Enterprises; and
- Medium Enterprises,

which are eligible MSME manufacturer exporters or merchant exporters, subject to the prescribed conditions.

The exporter should have:
a valid and active Importer Exporter Code (IEC); and
valid Udyam/MSME registration,
and the export product must fall under the notified eligible tariff lines.

Q Is the scheme available to both manufacturer exporters and merchant exporters?

Yes. Both eligible MSME manufacturer exporters and merchant exporters can avail the benefit, subject to fulfilment of the prescribed conditions and the export product being covered under the notified positive list of eligible HSN six-digit tariff lines.

Q Is there a product-wise restriction?

Yes. The scheme is applicable to export products covered under the notified positive list of eligible HSN six-digit tariff lines.

Therefore, exporters should verify the exact HSN classification of their exported product against the latest DGFT notified list before applying for the benefit.

Q Does the scheme cover Technical Textiles?

Eligibility depends on whether the relevant six-digit HSN tariff line is included in the notified positive list applicable under the scheme.

Accordingly, Technical Textile exporters should verify the applicable HSN code rather than assuming that all Technical Textile products are automatically eligible.

B. QUANTUM OF BENEFIT

Q What is the rate of interest subvention?

The notified rate of interest subvention is:

2.75% per annum on eligible pre-shipment and post-shipment Rupee export credit.

Q What is the maximum benefit available to an exporter?

The maximum interest subvention benefit is:

₹50 lakh per IEC per financial year.

The annual ceiling applies to the eligible interest subvention benefit and not to the amount of export credit sanctioned by the bank.

Q Is the ₹50 lakh ceiling applicable separately for pre-shipment and post-shipment credit?

The ceiling is an overall annual ceiling per IEC, rather than a separate ₹50 lakh ceiling for pre-shipment and another ₹50 lakh for post-shipment credit.

Exporters should therefore monitor the cumulative benefit availed under both categories.

Q What if an exporter has more than one bank?

An exporter may avail export credit from more than one lending institution, subject to the scheme conditions.

However, the ₹50 lakh annual ceiling is applicable per IEC, and the exporter is responsible for ensuring that the aggregate benefit claimed across lending institutions does not exceed the prescribed ceiling.

Excess claims are liable to recovery.

C. PRE-SHIPMENT AND POST-SHIPMENT CREDIT

Q What is pre-shipment export credit?

Pre-shipment credit is finance provided by a lending institution to an exporter for meeting working-capital requirements associated with the manufacture, processing, purchase, packing and preparation of goods for export, subject to applicable RBI regulations.

Q What is post-shipment export credit?

Post-shipment credit refers to finance provided by a lending institution to an exporter after shipment of goods/services, against export receivables or eligible export documents, in accordance with applicable RBI directions.

Q Is the benefit available on both types of credit?

Yes. The scheme covers both:

Pre-Shipment Rupee Export Credit, and

Post-Shipment Rupee Export Credit.

D. DATE OF ELIGIBILITY

Q From which date is the scheme applicable?

The scheme was launched on 2 January 2026.

Eligible export credit is covered subject to the scheme's applicable conditions and the prescribed date of disbursement.

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Credit disbursed before 2 January 2026 is not eligible for interest subvention.

Q Is eligibility determined by the date of sanction or date of disbursement?

The subsequent DGFT clarifications have made the operational position clear with reference to the date of disbursement.

Accordingly, exporters should ensure that the eligible credit is disbursed on or after the applicable commencement date and that the required UIN/UDIN formalities are completed as prescribed.

Q What happens if an existing credit facility is renewed?

Where a credit facility is renewed with a top-up, only the additional amount disbursed as a fresh credit exposure is treated as the fresh eligible exposure.

The existing outstanding portion continues to be governed by the applicable rate/conditions relating to its original disbursement.

UIN / UDIN REQUIREMENT

Q What is UIN/UDIN?

UIN/UDIN refers to the Unique Identification Number generated through the prescribed DGFT online process for the export credit facility for which interest subvention is being sought.

The UIN enables the export credit facility to be identified and linked with the exporter, lending institution and relevant financial year.

Q How does an exporter obtain the UIN?

The exporter is required to submit the prescribed online declaration of intent through the DGFT portal for generation of the UIN. For FY 2026-27 onwards, a UIN generated within 15 days from the date of original disbursal is treated as valid, and subvention is admissible from the date of disbursal. Generating the UIN before disbursal remains the safest practice.

A separate UIN is needed for each lending bank. If the borrower changes the lending bank, a new UIN must be generated; UINs cannot be transferred to the new bank.

Q Is UIN generation important for claiming the benefit?

Yes. It is a critical compliance requirement.

The DGFT clarifications provide that cases where eligible credit has been disbursed without the required UIN being generated in accordance with the applicable timeline may not qualify for support.

Q What is the UIN requirement from FY 2026-27 onwards?

For FY 2026-27 onwards, the prescribed framework requires the UIN to be generated within 15 days of disbursement, subject to the detailed provisions of the applicable DGFT Trade Notices.

Exporters are therefore advised not to delay generation of the UIN after disbursement of eligible export credit.

Q Is the UIN financial-year specific?

Yes.

The UIN and the corresponding claim must be mapped to the relevant financial year.

In the case of running/revolving pre-shipment credit extending from one financial year into the next, a corresponding UIN/revised UIN may be required for the subsequent financial year for claiming interest subvention accruing in that year.

Q What should an exporter do if a pre-shipment credit facility continues beyond 31 March?

Where eligible pre-shipment credit remains outstanding beyond 31 March, exporters and banks should ensure that the interest subvention claim for the subsequent financial year is supported by the UIN applicable to that financial year, in accordance with the DGFT framework.

The UIN for one financial year should not be incorrectly used for claims relating to another financial year.

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INTEREST RATE AND PAYMENT OF SUBVENTION

Q Does the Government fix the interest rate charged by the bank?

No.

The lending institution determines the interest rate on export credit in accordance with applicable regulatory directions and its commercial lending practices.

The interest subvention is applied to the interest cost actually borne by the eligible exporter.

Q Does the exporter receive 2.75% directly from DGFT?

No. The lending institution passes on the benefit upfront to the eligible exporter and then claims reimbursement. Since 1 April 2026, EXIM Bank is the Implementing Agency and the bank's claims are submitted to and settled by EXIM Bank (supplementary claims for January–March 2026 continue to be processed by RBI). Exporters should coordinate with their lending bank to ensure that the benefit is correctly reflected in their export credit account.

Q Is the subvention available on the entire interest charged by the bank?

The subvention is at the notified rate of 2.75% per annum, subject to the applicable scheme conditions and annual ceiling.

It should not be interpreted as a guarantee that the exporter's entire borrowing cost will be reduced by 2.75 percentage points in every circumstance; the actual benefit is governed by the interest cost eligible under the scheme.

SPECIAL CASES

Q What happens if the MSME changes its classification from Micro to Small, or Small to Medium?

An eligible MSME exporter which graduates to a higher MSME category during the financial year due to an increase in investment or turnover may continue to remain eligible for interest subvention for three years from the date of such reclassification, subject to the prescribed conditions and Ministry of MSME provisions.

Q Are deemed exports eligible?

No.

The support is intended for eligible export transactions and does not extend to deemed exports where specifically excluded under the scheme guidelines.

Q What happens if the export credit account becomes an NPA?

Interest subvention is subject to the prescribed prudential and regulatory conditions. Export credit accounts which do not satisfy the required conditions, including cases where the account becomes non-performing before completion of the eligible export cycle, may not qualify for the benefit.

Q Can the benefit be claimed if the exporter has multiple export credit facilities?

Yes, subject to eligibility of each facility and compliance with the scheme conditions.

However, the aggregate benefit available to the exporter remains subject to the applicable annual ceiling per IEC.

Q Can the exporter claim the benefit more than once for the same credit exposure?

No. The same eligible credit exposure should not result in duplicate or excess claims. The UIN-based system and bank-wise claims are intended to prevent duplication and ensure that the prescribed annual ceiling is observed.

PROCEDURE FOR EXPORTERS

Q What should an exporter do to avail the benefit?

An eligible exporter should broadly follow these steps:

Step 1 – Verify MSME status

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Ensure that the enterprise has a valid Udyam/MSME registration.

Step 2 – Verify IEC
Ensure that the IEC is valid and active.

Step 3 – Verify product eligibility
Check the exact six-digit HSN of the export product against the latest notified positive list.

Step 4 – Apply for UIN/UDIN
Submit the prescribed online declaration/intent through the DGFT portal and obtain the UIN within the applicable timeline.

Step 5 – Approach the lending institution
Avail eligible pre-shipment or post-shipment Rupee export credit from an eligible lending institution.

Step 6 – Ensure correct UIN linkage
Provide the UIN/UDIN to the bank and ensure that it is correctly mapped to the relevant export credit facility.

Step 7 – Verify the benefit
Check that the eligible interest subvention is appropriately reflected/credited by the lending institution.

Step 8 – Maintain records
Keep the UIN, sanction/disbursement details, interest statements, export documents and bank records for future verification.

DOCUMENTATION AND COMPLIANCE

Q What documents should exporters maintain?

Exporters are advised to maintain, as applicable:

- IEC;
- Udyam Registration;
- DGFT UIN/UDIN;
- bank sanction letter;
- loan/disbursement details;
- pre-shipment/post-shipment credit statements;
- interest debited by the bank;
- shipping bills/export documents;
- invoices and export realisation records;
- bank statements;
- details of interest subvention received;
- records of claims made through different lending institutions.

Q Why is the HSN classification important?

The scheme operates on a notified list of eligible tariff lines.

Therefore, an incorrect or inconsistent HSN classification may affect eligibility. Exporters should ensure that the HSN reported in the export documentation corresponds with the product actually exported and the applicable notified tariff line.

Q What happens if the export credit account becomes an NPA?

Interest subvention is subject to the prescribed prudential and regulatory conditions. Export credit accounts which do not satisfy the required conditions, including cases where the account becomes non-performing before completion of the eligible export cycle, may not qualify for the benefit.

Q What happens if an exporter receives excess subvention?

Any excess or inadmissible benefit is liable to recovery under the applicable provisions.

Where an exporter has multiple lending institutions, particular care should be taken to ensure that the aggregate benefit does not exceed the prescribed annual ceiling.

ROLE OF BANKS / LENDING INSTITUTIONS

Q Which lending institutions can provide eligible export credit?

Eligible lending institutions are those covered by the applicable RBI/DGFT framework for the scheme.

The export credit must comply with the relevant RBI directions on credit facilities and the conditions prescribed under EPM.

Q Is the bank required to file claims online?

Yes. Banks submit IEC-wise monthly claims online through the designated portal within 15 days from the end of each month, accompanied by an external auditor's certificate. Manual/offline submission is not

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permitted. Since 1 April 2026, claims are submitted to EXIM Bank as the Implementing Agency.

Q Who should an exporter contact if the benefit is not reflected?

The exporter should first approach the bank/lending institution providing the eligible export credit, with the UIN and relevant credit details, since banks pass on the benefit upfront and claim reimbursement from EXIM Bank. If the issue relates to UIN generation, DGFT portal functionality or scheme eligibility, the exporter may also approach DGFT through the prescribed channels.

IMPORTANT POINTS FOR MATEXIL MEMBERS

Q What should textile exporters particularly check?

Exporter seeking to avail the scheme should pay particular attention to the following:

- Udyam registration is valid and updated.
- IEC is active.
- The exported product falls under an eligible six-digit HSN.
- UIN/UDIN is generated within the prescribed timeline.
- The UIN is correctly communicated to the lending bank.
- The credit facility is eligible Rupee pre-shipment or post-shipment export credit.
- The credit is disbursed on/after the applicable commencement date.
- The exporter monitors the ₹50 lakh annual ceiling per IEC.
- Separate attention is given to facilities continuing across financial years.
- Records relating to credit, interest, exports and subvention are maintained properly.

Q What should an exporter do before taking a new export credit facility?

Before availing a new facility, the exporter should confirm with the lending institution that:

- the facility qualifies as eligible export credit;
- the product/HSN is covered;
- the exporter satisfies MSME requirements;
- the UIN/UDIN requirement has been complied with;
- the bank will correctly map the UIN to the facility; and
- the benefit will be considered within the applicable annual ceiling.

QUICK REFERENCE

Particular	Key Provision
Scheme	EPM – Niryat Protsahan Intervention
Interest Subvention	Interest Subvention for Pre- & Post-Shipment Export Credit
Launch	02-Jan-26
Basic Rate	2.75% p.a.
Maximum Benefit	₹50 lakh per IEC per financial year
Eligible Beneficiaries	Eligible MSME exporters
Exporters Covered	Manufacturer and merchant exporters
Credit Covered	Pre-shipment and post-shipment Rupee export credit
Product Eligibility	Notified positive list of eligible HSN six-digit tariff lines
Key Registration	Valid IEC and Udyam/MSME registration
UIN/UDIN	Required under the prescribed DGFT procedure
FY 2026–27 UIN Timeline	Generally within 15 days of disbursement, subject to applicable DGFT provisions
Multiple Banks	Permitted, subject to the overall annual ceiling
Deemed Exports	Not eligible
Interest Basis	Interest cost actually borne by the exporter
MSME Graduation	Eligibility may continue for 3 years, subject to prescribed conditions
Financial-Year Treatment	UIN/claims to be appropriately mapped to the relevant financial year

Source: https://www.dgft.gov.in/CP/?opt=scheme-guidelines

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Facts in Brief (FIB)



GRANTS TO STARTUPS IN TECHNICAL TEXTILES

- The Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) scheme under the Ministry of Textiles' National Technical Textiles Mission (NTTM) supports young innovators, scientists, technologists and start-ups in commercializing innovative ideas, technologies and products in technical textiles.
- A budget of ₹256 crore has been allocated to NTTM for FY 2026–27, including provisions for grants to start-ups under the GREAT scheme.
- An Evaluation and Monitoring Committee (EMC) evaluates the technical and financial parameters of start-up proposals and recommends eligible proposals to the Empowered Programme Committee (EPC) for approval.
- A total of 31 start-ups have been approved under NTTM at a total project cost of ₹15.40 crore, including a Government of India share of ₹13.65 crore.
- The scheme aims to promote innovation, commercialization of indigenous technologies, prototype development, field trials and the development of value-added technical textile products.
- Collaboration between supported start-ups and established industry partners is expected to facilitate commercialization, market launches, scale-up, sustainable industry growth and employment generation.
- A Review and Monitoring Committee oversees the progress of approved start-ups and recommends the release of subsequent grant instalments and project closure to the EPC.
- Public events, workshops, seminars and outreach activities are being organized nationwide to disseminate information about the scheme and facilitate industry engagement.
- The GREAT scheme guidelines are available at https://nttm.texmin.gov.in/. ■

MATEXIL

Webinar on Schemes under ECGC Limited for Exporters





MATEXIL organized a Webinar on "Schemes under ECGC Limited for Exporters" on August 13, 2026 at 3.00 p.m

Objective of the Webinar

The objective of the webinar was to provide Indian exporters with detailed insights into ECGC schemes, including their key features, benefits, documentation requirements, and best practices for availing cost-effective export credit insurance solutions.

Introductory Remarks

Shri. A. Ravi Kumar, Executive Director, MATEXIL, welcomed all the participants & industry members. He highlighted the importance of export credit insurance and risk management in protecting exporters against commercial and political risks such as buyer insolvency, payment defaults, repudiation, war, and government restrictions.

He emphasized the need for exporters to understand the various ECGC policy frameworks, coverage provisions, country risk classifications, compliance requirements, and claim procedures to effectively manage export-related risks. He also acknowledged the role of intermediaries in providing suitable insurance solutions and claims support.

He expressed that the session would provide participants with a better understanding of export credit insurance, available risk mitigation measures, and the practical aspects of safeguarding export transactions.

He also encouraged participants to benefit from the expertise shared during the session and actively participate in the discussions.

Welcome Address

Shri Shaleen ToshniwaL, Chairman, MATEXIL welcomed all the participants. He highlighted the relevance and importance of Export Credit Insurance and Risk Management in facilitating secure and sustainable international trade in terms of protecting exporters against various commercial and political risks, including insolvency, protracted default, repudiation, war, government restrictions, and voyage diversions.

He emphasized the role of export credit insurance in safeguarding exporters' receivables and providing greater confidence in undertaking international business.

He encouraged the participants to actively engage in the session, seek clarifications, and share their experiences and queries.

The webinar was conducted by Mr. Harmeet Chopra, Risk Consultant (Credit Insurance), who brings over 20 years of experience in Commercial Banking and Credit Insurance. He specialises in ECGC covers, document vetting, claims management, and end-to-end credit insurance solutions.

Key High lights of the Presentation

- **Scope of Risk Coverage:** Mr. Chopra provided a clear overview of commercial risks—including insolvency, protracted default, and repudiation—and political risks such as war, government restrictions, and voyage diversions. He emphasized the importance of securing insurance coverage for all shipments while also highlighting key exclusions, including quality disputes and exchange-rate fluctuations.

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- **Policy Frameworks & Classifications:** He presented a structured classification of policies into Declaration-Based Frameworks—SCR, ETP, SEP, SSP, BWP, and CGE—and Exposure-Based Frameworks—SBEP, MBEP, MEP, SITES, and MITES.
- **Policy Features & Country Risk:** He covered important key features of declaration-based policies, including 90% coverage ratios, a minimum premium of ₹10,000, and a one-year policy period. It also explained the official ECGC Country Risk Grading Matrix, ranging from A1 (Insignificant Risk) to D (Very High Risk).
- **Multi-Buyer Exposure Policy (MBEP):** He highlighted detailed parameters for Standard, Mid-Sized, and GJD exporters, including automatic cover limits and circumstances requiring individual risk assessment.
- **Advanced Customization Protocols:** During the presentation he also outlined mandatory eligibility criteria, including premium exceeding ₹40 lakh, Two Star Export House status or ETO exceeding ₹100 crore, and a five-year CPR below 100%, along with provisions for customized risk coverage.
- **Compliance, Loss Minimization & Claims:** Mr. Chopra highlighted the importance of timely submission of Form 205 (Report of Default), legal obligations relating to loss minimization, applicable waiting periods for claims—four months under the standard provision and one month in cases of insolvency—and the nine critical documents required when filing a claim.

Interactive Q & A Session

An engaging and interactive Q&A session followed during which the participants actively sought clarifications on various aspects of export credit insurance and risk coverage. The discussions focused on the applicability of different policy frameworks, assessment of commercial and political risks, country risk classifications, coverage limits, eligibility criteria, and claim settlement procedures.

The participants also raised practical queries relating to default reporting, waiting periods, documentation requirements, and loss minimization obligations.

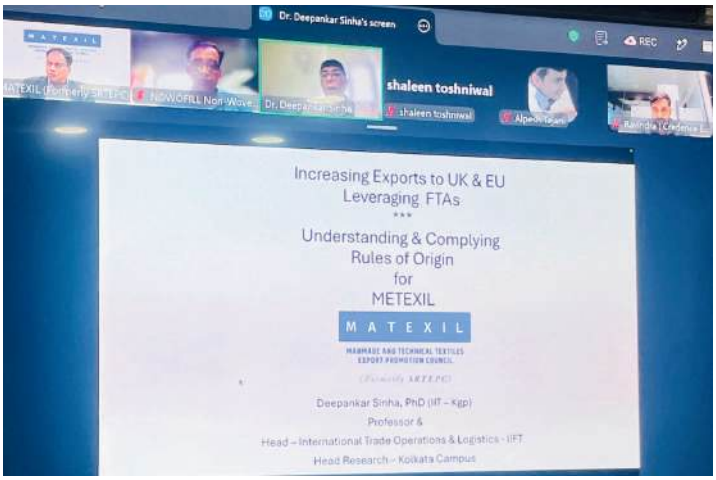
Mr. Chopra addressed the queries with relevant examples and practical insights, helping participants gain a better understanding of the effective utilization of ECGC policies and the role of Optima in providing customized insurance solutions and claims support.

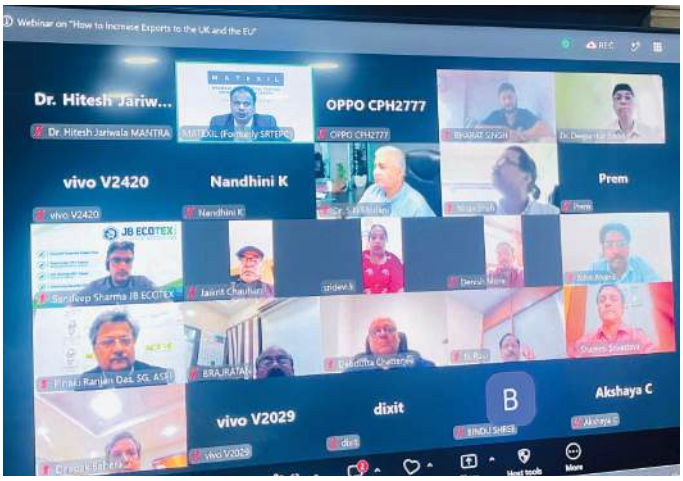
Conclusion

The webinar concluded with an emphasis on the importance of effective export credit insurance and proactive risk management in ensuring secure and sustainable export operations. The session enhanced members' understanding of various ECGC policy frameworks, coverage provisions, compliance requirements and claim procedures, enabling them to make informed decisions and better safeguard their export transactions.

WATEXIL

Webinar on How to Increase Exports to the UK and the EU





MATEXIL organized a Webinar on "How to Increase Exports of Manmade Fibre Textiles and Technical Textiles to the EU and UK" on August 7, 2026 at 3:00 p.m.

Objective of the Webinar

The objective of the webinar was to appraise Members of the opportunities available to Indian exporters of Manmade Fibre (MMF) Textiles and Technical Textiles under the India–UK and India–EU Free Trade Agreements (FTAs) with a focus on key market opportunities, Rules of Origin, certification and regulatory compliance, sustainability requirements, and strategies for enhancing export competitiveness. Participants were encouraged to view compliance as a competitive advantage and an essential pathway to sustainable growth.

Introductory Remarks

Mr. A. Ravi Kumar, Executive Director, MATEXIL, in his introductory remarks highlighted the export opportunities arising from the India–EU and India–UK Free Trade Agreements (FTAs) and stressed the need for exporters to understand and comply with evolving regulatory requirements and international standards. He emphasised that effective compliance and preparedness would be crucial for Indian textile exporters to maximise the benefits of preferential market access and achieve sustainable export growth.

Welcome Address by Chairman, Shri Shaleen Toshniwal

Mr. Shaleen Toshniwal, Chairman, MATEXIL, welcomed all participants and highlighted the importance of the webinar in helping exporters, particularly MSMEs and startups, leverage emerging opportunities in the EU and UK markets.

He emphasised the significance of India's FTAs with the EU and UK for MMF and technical textiles, noting that regulatory compliance, Rules of Origin, certification, and sustainability standards will be critical to converting zero-duty access into sustained export growth.

He reiterated MATEXIL's commitment to supporting the industry through knowledge dissemination, capacity building, and effective representation of exporters' concerns before the Ministry and Government. He expressed confidence that the session would provide practical and valuable insights for expanding India's global textile footprint.

Presentation

The webinar was conducted by Dr. Deepankar Sinha, Professor at the Indian Institute of Foreign Trade (IIFT), Kolkata, and Head of the International Trade Operations and Logistics Division at IIFT. He made a comprehensive presentation on the preferential market access available under Free

Trade Agreements (FTAs) and highlighted the importance of exporter preparedness, particularly with regard to Rules of Origin, Certificates of Origin, compliance requirements, documentation procedures, product specifications, and applicable market standards.

He provided an overview of the India–UK and India–EU FTAs and discussed the key benefits and export opportunities arising from these agreements. He also elaborated on Rules of Origin, certification requirements, and other critical compliance aspects that exporters need to understand in order to avail the benefits under the FTAs. Strategic guidance was provided to exporters on effectively utilizing the preferential market access available in the UK and EU markets.

The webinar provided valuable insights to members regarding the opportunities and compliance requirements associated with the India–UK and India–EU FTAs and was intended to enhance awareness among exporters and enable them to effectively leverage the preferential market access available in the UK and EU markets.

Interactive Q & A Session

An interactive Q&A session followed during which participants had the opportunity to seek clarifications on key issues related to zero-duty market access, Rules of Origin where clarification was sought on whether fabrics manufactured in India, sent to Bangladesh or Vietnam for garmenting, would qualify for preferential treatment under the India–UK/EU FTAs when the finished garments are exported to the UK or EU. Participants also sought clarifications on the scope for stronger collaboration between Indian manufacturers and merchant exporters, similar to the successful model observed in China, to enhance India's global export competitiveness.

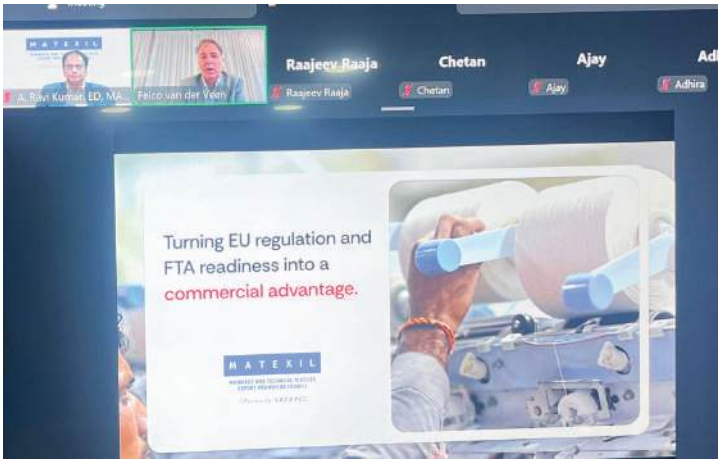
Clarifications were also addressed regarding exporters' practical concerns and queries, enabling greater clarity on how MSMEs and industry stakeholders can effectively leverage the FTAs to enhance exports of MMF and technical textiles to the EU and UK markets.

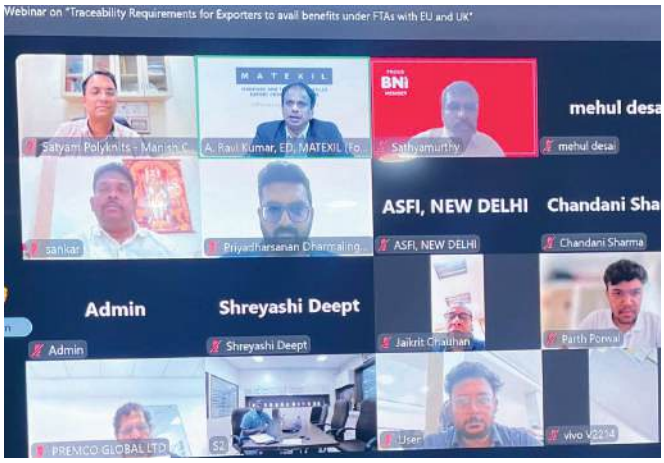
Conclusion

The webinar concluded with a reaffirmation of MATEXIL's commitment to strengthening the export capabilities of Indian MMF and Technical Textiles manufacturers by facilitating greater awareness of emerging trade opportunities and evolving regulatory requirements. The session provided valuable guidance to members on leveraging the preferential market access under the India–UK and India–EU FTAs, while emphasising the importance of compliance, preparedness and strategic collaboration in enhancing India's export competitiveness. ■

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Webinar on Traceability Requirement for exporters to avail benefits under FTAs of EU & UK





MATEXIL organised a webinar on "Traceability Requirements for Exporters to Avail Benefits under FTAs with the EU and UK" on 3 September 2026. The session was conducted by Mr. Feico van der Veen, Founder and Managing Director of AWARE™, a producer-powered traceability platform, who has over 30 years of experience in Asian supply chains.

The webinar focused on helping Indian textile and apparel exporters, particularly SMEs, understand the increasing importance of digital traceability, documentation, and compliance for accessing international markets.

The session was conducted by Mr. Feico van der Veen, Founder and Managing Director of AWARE™, a producer-powered traceability platform, and has spent more than 30 years working inside Asian supply chains.

Objective of the Webinar

The objective of the webinar was to create awareness among exporters and guide suppliers especially Small and Medium Enterprises (SMEs) on how to digitally log the product and supply chain traceability, documentation and compliance, requirements applicable for availing benefits under the FTAs with the EU & UK & to enable them to establish effective traceability systems and maintain the necessary records to demonstrate compliance and validate their eligibility for duty-free access.

India–EU FTA: The Opportunity

Mr. Feico made a presentation on the India-EU FTA which was concluded on 27 January 2026, with expected ratification and entry into force following the required process. He further discussed the India–EU FTA and its implications for textile and apparel exporters. For qualifying textile and apparel lines, the agreement is presented as providing a pathway toward 0% EU duty, with tariff reductions phased in over time.

He emphasized that the EU is India's second-largest textile and apparel export market and that the agreement is intended to improve market access and provide greater tariff parity with competitors that already have preferential access.

Rules of Origin and Documentation

A major part of the discussion concerned Rules of Origin. The supply chain was illustrated as:

Fibre → Yarn → Fabric → Garment → EU Customer

For preferential treatment, producers need to be able to establish that the product meets the relevant origin requirements.

The presentation stressed that a self-declaration of origin needs supporting production and transaction evidence. Customs authorities may require evidence connecting the materials, transactions, production process, and final product.

The practical message for producers was therefore that origin documentation needs to be supported by reliable underlying production records rather than reconstructed when a customs or customer request arises.

EmpCo (ECGT)

Mr. Feico discussed the EU measures addressing misleading environmental claims. Producers and brands making sustainability-related claims need appropriate evidence to substantiate those claims. Examples include claims relating to recycled materials or environmental performance. The presentation identified EU Directive 2024/825 in connection with the greenwashing requirements.

ESPR and Digital Product Passport

The Ecodesign for Sustainable Products Regulation (ESPR) was presented as an important development for the textile industry.

Mr. Feico highlighted requirements concerning areas such as:

·Durability
·Recyclability
·Material transparency
·Product-level sustainability information

A particularly important development discussed was the Digital Product Passport (DPP) and the increasing requirement for product-level information to accompany products entering the European market.

Textile EPR / Waste Framework Directive

Mr. Feico also addressed the Extended Producer Responsibility (EPR) for textiles under the revision of the Waste Framework Directive. He explained that importers will have responsibilities connected with textile waste and recycling. Fees are expected to be influenced by factors such as product composition, recyclability and recycled content. This makes reliable information about material composition increasingly important.

Due Diligence (CSDDD)

The Corporate Sustainability Due Diligence Directive (CSDDD) was another area that was covered.

Mr. Feico explained that large brands will need to identify, prevent and address certain harms across their supply chains, including upstream activities.

Although the legal obligations may fall primarily on larger companies, the webinar emphasized that the resulting information requirements can extend to their suppliers.

Consequently, Indian textile producers may increasingly receive requests from European customers for detailed information about their production and supply chains.

Forced Labour Regulation

Mr. Feico also discussed the EU Forced Labour Regulation. The presentation stated that products associated with forced labour can be prevented from being placed on the EU market. It therefore emphasized the importance of maintaining records capable of demonstrating the relevant production and supply-chain information.

The Importance of Data

One of the strongest themes throughout the webinar was: “All regulation needs one thing: data.” Mr. Feico explained that European brands and importers increasingly have legal and commercial reasons to obtain reliable information from their suppliers. This changes the role of production records. Data generated inside factories is no longer viewed only as an internal operational resource; it can become part of the evidence required for:

·Customs clearance
·Rules of Origin
·Sustainability claims
·Digital Product Passports
·Supply-chain due diligence
·Forced-labour compliance
·Customer requirements
·Traceability

Mr. Feico emphasized that data should ideally be captured during production, rather than reconstructed after a finished product has entered the supply chain.

Challenges with Existing Systems

Mr. Feico identified several limitations in conventional approaches to compliance and traceability.

ERP systems

ERP systems are primarily designed to operate factories and manage business processes, and they may not be able to provide the complete product-level traceability required across multiple organizations.

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Manual records

Spreadsheets, PDFs and email records can be useful for individual transactions but can become difficult to manage when evidence needs to be reconstructed across large supply chains.

Certificates

Certifications such as GRS, GOTS, and others were discussed as examples of brand-driven or voluntary standards. Mr. Feico stated that they are valid only for specific claims and do not give details of traceability of the products.

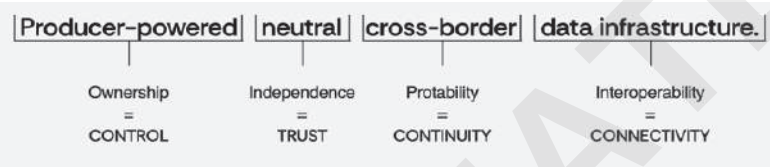
Brand platforms

Brand-specific platforms can provide useful information for particular customers, but Mr. Feico stated that they may not constitute a neutral, interoperable traceability infrastructure.

Mr. Feico therefore proposed a system based on batch-level, portable and verifiable information.

"One Kilo, One Token, One Evidence Chain"

Mr. Feico presented a key concept: The traceability infrastructure behind every kilogram.



Mr. Feico explained the above four main principles of a producer-powered, neutral, cross-border data infrastructure. In simple terms, he describes how a traceability system can give producers control over their data while allowing trusted information to move across companies and countries.

Producer-powered → Ownership = Control

He explained that Producer-powered means the producer has ownership and control over the data generated from its production activities.

- The producer controls its production information.
- Data is not completely dependent on a particular buyer or brand.
- This gives producers greater control over how their information is used and shared.

Neutral → Independence = Trust

He explained that Neutral means the data infrastructure is independent and not controlled by one particular brand, buyer, or organization.

- Hence Different stakeholders can use the system.
- The information is intended to be independent of individual commercial interests.
- This independence helps create confidence in the data.

Cross-border → Portability = Continuity

He further explained that cross-border means continuity of information throughout the supply chain through which the data can move with the product through different companies, countries, and stages of the supply chain.

For example:

Fibre → Yarn → Fabric → Garment → Exporter → European Buyer

The traceability information can continue along this journey rather than being lost when the product moves from one organization to another.

Data infrastructure → Interoperability = Connectivity

Mr. Feico explained that Interoperability means the system can connect with different digital systems used by producers, brands, certification bodies, ERP systems, and other supply-chain participants.

Instead of every company maintaining completely separate information systems, they can potentially exchange relevant data.

One Kilo, one token one Evidence Chain

Mr. Feico explained another important concept was that a single underlying evidence chain can generate multiple forms of documentation.

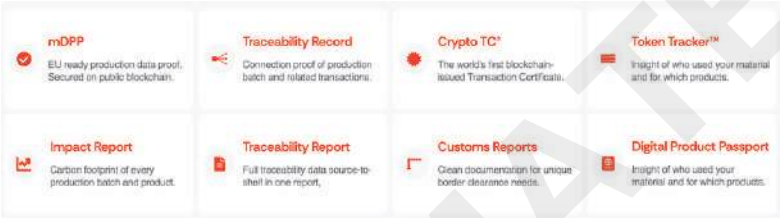


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He highlighted the step-by-step process of digital material traceability:

- Verify at Source - Where the material is verified at the place where it is produced.
- Tokenise - where each 1 token represents 1 kg of verified material.
- Move with the Goods - where the tokens move along with the physical material through the supply chain, maintaining a mass balance.
- Consolidate – When the material becomes a finished product, the individual tokens are combined into one NFT/digital record.
- Final Product – The digital record can then provide information about the product's verified material and traceability.

He stated that the objective is to capture information once and reuse verified evidence for different customers, markets and regulatory requirements.



Through the above picture, Mr. Feico explained how one traceability/evidence chain can generate several different types of reports and digital records for a product.

- mDPP – Provides production data proof for the EU, with the information secured on a public blockchain.
- Traceability Record – Connects the production batch with its related transactions, creating a record of the product's journey.
- Crypto TC® – A blockchain-issued Transaction Certificate that provides evidence of a material transaction.
- Token Tracker™ – Shows who used the material and in which products.
- Impact Report – Provides information on the carbon footprint of each production batch and product.
- Traceability Report – Gives the complete source-to-shelf traceability information in one report.
- Customs Reports – Provides documentation intended to support border-clearance requirements.

Value for every Stakeholder

Mr. Feico described a common data layer serving multiple stakeholders.

Producers

- Maintain control of production data.
- Reuse evidence across customers and markets.
- Demonstrate production and transaction information.
- Support compliance requirements.

Brands

·Receive upstream evidence.
·Verify supply-chain information.
·Reduce reliance on reconstructed supplier declarations.

Regulators

- Verify a continuous chain while production data remains under producer control.

Consumers

- Potentially receive more reliable product information.

The proposed infrastructure was also described as being capable of connecting with Enterprise Resource Planning (ERP), Product lifecycle Management (PLM) certification, traceability and brand systems through APIs and white-label interfaces.

Case Example Presented

Mr. Feico gave an example of an Indian spinning mill whose yarn enters a wider supply chain.

In the traditional scenario, the spinner knows its immediate buyers but may not know which specific yarn batch ultimately becomes part of a finished garment. If customs or a brand later requires evidence concerning the yarn's composition, origin or production, the producer may struggle to identify and retrieve the appropriate records.

The AWARE™ example presented a different scenario in which production batches are digitally connected to transactions and follow the material through the supply chain.

In that scenario, the producer can identify the relevant production information and generate supporting evidence when required.

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Key Takeaways of the Webinar

The webinar highlighted the following major points:

- The India–EU FTA creates an important market-access opportunity, but tariff benefits are subject to applicable requirements.
- Rules of Origin must be demonstrated with appropriate evidence and documentation.
- EU regulations create requirements beyond tariffs, particularly around sustainability, traceability and supply-chain information.
- Production data is becoming an important commercial asset for textile producers.
- Data should be captured at the production and batch level, rather than reconstructed later.
- Conventional records and individual certificates may not by themselves provide complete end-to-end traceability.
- Digital traceability can potentially allow the same verified evidence to support several different reporting and compliance needs.
- Producers may increasingly need to demonstrate not merely that they manufacture a product, but where and how the materials and products were produced and how they moved through the supply chain.

Proposed MATEXIL and AWARE™ Support

Mr. Feico explained that producers could access the proposed AWARE™ system through MATEXIL. The presentation described:

- Institutional access through MATEXIL.
- A pilot programme for producers.
- Guided onboarding and training.
- Mapping of one product chain end-to-end.
- Securing production and transaction records.

Conclusion

The webinar highlighted the evolving requirements for Indian textile and apparel exporters targeting the EU market, particularly in light of the India–EU FTA and expanding EU regulatory requirements.

Key themes included traceability, product origin, sustainability data, due diligence, forced-labour controls, and verifiable production records.
The session emphasized that tariff opportunities must be supported by strong documentation and supply-chain transparency.

The webinar also introduced MATEXIL and AWARE™ as potential mechanisms to help producers build traceability capabilities through pilot implementation and end-to-end product mapping.
The session was well attended by members of the Council, who appreciated the insightful and relevant information shared.

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National News

PM Modi's free trade push could lead to $140 billion GDP gain for India

A more protectionist US could prove an unexpected tailwind for India's economy. As countries redraw supply chains around trusted partners and seek preferential market access, New Delhi has ended years of caution and is rapidly expanding its free-trade network. Using a large-scale model of the global economy developed by the World Trade Organization, we estimate these agreements could add about $140 billion to India's GDP in 2035, opening new markets, cutting import costs, fostering foreign direct investment and lifting productivity.

Source: The Economic Times

UK announces £1 billion in new commercial deals with India

Commerce and industry minister Piyush Goyal and UK secretary of state for business & trade Jonathan Reynolds co-chaired the Joint Economic and Trade Committee meeting (JETCO) on Monday, the first after the implementation of the India-UK Comprehensive Economic and Trade Agreement (CETA). The meeting coincided with Britain announcing more than £1 billion in new commercial deals.

Source: The Economic Times

India extends RoDTEP export support till Dec 2026; raises insurance cover to 95% amid West Asia disruption.

The government has extended support for exporters by continuing the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme up to December 31, 2026, and enhanced the insurance cover for upcoming shipments to certain regions, with a 95% risk coverage, amid the prevailing geopolitical and logistical uncertainties.

Source: The Economic Times

Wider tax base, better compliance to drive GST revenue growth

With Goods and Services Tax (GST) process reforms announced on Thursday, completing the GST 2.0 reform agenda, revenue growth is expected to increasingly bank on an expanding tax base and improved compliance rather than tax rates, a senior official said on Monday. "The focus should be on expanding the base and improving its quality," the official said, stressing the need to bring more businesses into the formal tax system and improve transaction disclosures by existing taxpayers.

Source: Financial Express

Surat Textile Industry Flags 66% Yarn Price Hike, Pending Rs 18 Crore GST Refunds

Surat's textile industry has raised concerns over a sharp increase in yarn prices and delays in Goods and Services Tax (GST) refunds, urging the Centre to intervene as rising costs put pressure on manufacturers and allied segments. Industry representatives raised the issues during a meeting with Union Textiles Minister Giriraj Singh on Friday, warning that the situation could force several units to extend their Diwali shutdowns to more than 15 days. Chetan Maniya, President of the Rapier Jacquard Weavers Association of Surat (RJWAS), said yarn prices had increased by as much as 66%, affecting the entire textile value chain. He urged the ministry to monitor price movements, take measures to control the escalation and address the dumping of low-priced yarn.

Source: Textile Insights

Alok Industries Completes Sale Of Czech Textile Unit Mileta For Rs 5.6 Crore

Alok Industries has completed the sale of its entire stake in Czech textile manufacturer Mileta a.s. for EUR 558,825, equivalent to approximately Rs 5.6 crore. In a stock exchange filing dated October 9, 2026, the company said its step-down wholly owned subsidiary, Alok Industries International Limited, had completed the transaction. The sale follows a share purchase agreement signed on December 16, 2025, between Alok Industries International Limited and CRESCON a.s., a Czech Republic-based company. Under the agreement, the subsidiary agreed to transfer its entire equity stake in Mileta to CRESCON.

Source: Textile Insights

Commerce ministry sets up FTA utilisation cell to boost industry awareness, leverage pact benefits.

The Department of Commerce has set up an FTA utilisation cell to help domestic businesses understand and tap opportunities in markets covered by India's free trade agreements, Commerce Secretary Rajesh Agarwal said on Wednesday. He said that with India finalising a number of free trade agreements (FTAs), several opportunities are emerging across sectors, and informing entrepreneurs about these opportunities is the ministry's target.

Source: The Economic Times

India expanding trade footprint to strengthen global ties and empower MSMEs: Piyush Goyal.

India is increasing its network of free trade agreements (FTAs) to integrate deeply with global economies. Nine trade pacts covering 38 developed economies have been concluded in the past four and a half years. The trade pacts are not merely confined to bureacratic corridors but also include discussions with stakeholders. India is wrapping up deals with Canada and UK while pursuing energy deals with GCC and trade relations in West Asia and Americas.

Source: ANI News

India, UK seek deeper investment ties

India and the UK have discussed ways to increase cross-border investment and Indian firms' access to international capital including through cross-border equity and bond listings via Gujarat International Finance Tec-City International Financial Services Centre (GIFT-IFSC), the government said Wednesday. The agreement was part of the joint statement adopted after the fourth UK-India Financial Markets Dialogue, held in London on September 29, 2026 the finance ministry said.

Source: The Economic Times

GST reforms: 38,700 exporters to get faster refunds, wider access to input tax credits

Almost 38,700 export taxpayers will become eligible to claim cash refunds on input taxes paid on services and plant and machinery, directly addressing the long-standing issue of working capital being locked up under the indirect tax framework. The GST Council also changed the refund process, wherein 90% of the claim will be released automatically based on a risk check, while the remaining amount will be paid after the usual verification. Exporters stand to benefit from faster GST refunds, with the acknowledgement deadline reduced to 10 days from 15 days.

Source: Press information Bureau

Canada to send 300-member trade delegation to India, largest in over 30 years

Canada to send 300-member trade delegation to India, largest in over 30 years, Led by Canadian Minister of International Trade Maninder Sidhu, the delegation will visit Mumbai and Bengaluru from October 12 to 17, according to an official statement on Friday. The mission comes as India and Canada are working to conclude negotiations for a Comprehensive Economic Partnership Agreement by the end of this year. The fifth round of negotiations was held in Ottawa from October 5 to 9, 2026. Sidhu met Commerce and Industry Minister Piyush Goyal on the margins of the G20 Trade Ministers' Meeting in Milwaukee, US on October 1,2026 where they discussed progress in the negotiations and efforts to deepen bilateral trade and investment ties.

Source: Hindustan Times

Effective GST rate falls to 13.1% as rate rationalisation boosts efficiency

GST rate cuts and slab rejig in September 2025 expanded the tax base, boosting taxable supply and stabilizing revenue. Upcoming GST Council meeting aims to automate refunds and protect genuine buyers. Post the goods and services tax (GST) rate cuts and the slab rejig in September 2025, the tax base expanded strongly between October 2025 and July 2026, with taxable supply rising 25.8% year-on-year and business-to-consumer supply increasing 26.7%, sources said. Gross tax liability grew 13.6% during the period, while the effective tax rate on domestic taxable supply declined from 14.55% to 13.13%, sources said.

Source: Financial Express

Odisha Clears Rs 184 Cr Textile Projects, To Create 4,835 Jobs

The Odisha government has approved 19 industrial investment proposals worth Rs 3,280.58 crore, with the textile, apparel and technical textiles sector accounting for two projects that together represent an investment of Rs 184 crore and are expected to generate 4,835 employment opportunities. The approvals were granted at the 150th State Level Single Window Clearance Authority (SLSWCA) meeting chaired by Chief Secretary Anu Garg. The projects span sectors including textiles and apparel, technical textiles, food processing, steel downstream, global capability centres, biofuel, chemicals, circular economy, plastics and tourism. Among the approved projects, Dollar Industries will establish an integrated hosiery manufacturing unit in Khordha with an investment of Rs 125 crore. The facility will cover finished hosiery manufacturing, knitting fabrics, bleaching and dyeing, and is expected to generate 1,185 employment opportunities.

Source: Textile Insights

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International News

China's New Textile Wastewater Standard Introduces Fish Embryo Toxicity Testing

China has raised the bar for textile wastewater testing by introducing a biological survival requirement under its new discharge standard. The regulation, known as GB 4287-2026, now mandates that certain dyeing and finishing operations demonstrate that fish embryos can survive exposure to their treated wastewater — a biological check that sits alongside existing chemical limits. The standard came into effect on September 1 for new, rebuilt, and expanded facilities. Existing facilities are required to comply from January 1, 2028, though provincial governments may approve an earlier rollout. Published jointly by China's Ministry of Ecology and Environment and the State Administration for Market Regulation, GB 4287-2026 replaces four standards from 2012 that previously covered dyeing and finishing, silk reeling, wool, and hemp operations.

Source: Global Textile News

Denmark sets Three-Year roadmap for EU-ready textile sector

Denmark has launched a national textile action plan to reduce textile production and consumption while preparing businesses for upcoming European Union (EU) requirements. The three-year program will run from 2026 to 2029. It includes nine initiatives and has a budget of DKK 40 million (approximately $6 million).The plan focuses on three areas: business readiness, circular infrastructure and skills development. These priorities aim to help the textile sector adapt to changing regulatory requirements and support a more circular textile system.

Source: Exotextile News

Circ® Expands Global Footprint By Partnering With Huafon To Build And Scale Textile-To-Textile Recycling In China.

Circ® and Huafon, a leading spandex producer in China, are partnering to build and scale a new multi-phase textile-to-textile recycling site in China, expanding Circ's global pathway to industrial scale. The project will be located within Huafon's industrial footprint and will use Circ's technology to process polycotton textile waste and recycle both inputs, recovering recycled PTA, recycled MEG and recycled cellulosic pulp for use in new textiles. The site will be developed in phases, with Phase 1 designed for approximately 200 metric tons of textile waste per day and additional capacity planned.The partnership brings together Circ's polycotton recycling technology with Huafon's manufacturing capabilities, infrastructure, and China market position. Huafon is also investing directly in the project alongside Circ and other selected investors. Huafon's engineering, procurement, logistics, and commercial experience provide an efficient path to industrial deployment. Circ brings an established network of global brands, textile manufacturing partners, and downstream customers ready to adopt the materials the platform produces.

Source: Texdata

New EU chemical limits add compliance pressure for apparel exporters

New European Union (EU) restrictions on PFHxA in clothing, accessories, and footwear took effect on October 10, 2026. The rules set strict limits on the chemical, adding another compliance requirement for apparel brands and their suppliers. The regulation covers undecafluorohexanoic acid (PFHxA). It restricts products containing PFHxA and its salts at or above 25 parts per billion (ppb) and related substances at or above 1,000 ppb, measured in homogeneous material. The new rules apply to clothing, related accessories and footwear for the general public. Certain personal protective equipment, medical devices and construction textiles are exempt. Products placed on the market before October 10, 2026, are also covered by a transitional exemption under the regulation. The restriction is part of a wider effort to reduce the release of persistent chemicals into the environment. However, differing chemical restrictions across markets can make compliance more complex for brands sourcing products from multiple countries.

Source: Textile Today

Study explores algae as textile binder

An Australian research project aims to develop a prototype resin, with textile waste as its first test case. Researchers at UNSW Sydney are investigating whether algae harvested from wastewater treatment can be converted into a binder and combined with discarded textile fibres to create new manufacturing materials. The early-stage project, involving Sydney Water and Pacific Bio, is developing a binder similar to a glue or resin. Textiles are the initial test case, although researchers say they are considering wider manufacturing applications.

Source: Ecotextile News

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List of Upcoming Events



- **Morocco International Yarn and Fabric Sourcing Show (Morocco) – 3rd to 5th November 2026**
- **BSM Kenya (Kenya) – 16th to 17th November 2026**
- **BSM Tanzania (Tanzania) – 19th to 20th November 2026**
- **Fast Textile (Poland) – 17th to 19th November 2026**
- **Global Sourcing Expo (Australia) – 17th to 19th November 2026**
- **NigeriaTex (Nigeria) – 24th to 26th November 2026**
- **Heimtextil (Germany) – 12th to 15th January 2027**
- **Colombiatex De Las Americas (Colombia) – 26th to 28th January 2027**

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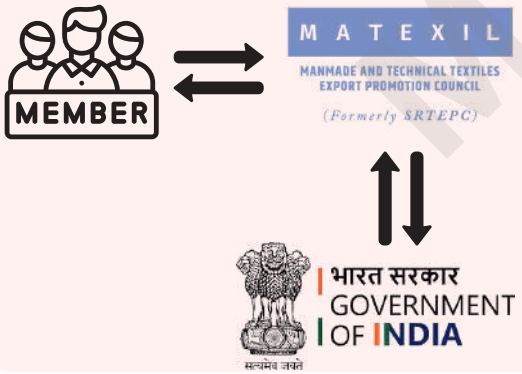
MATEXIL Services

Marketing Support



- **Provide Assistance to find Export Markets-** MATEXIL provides its members details on Export Trends – Global & India, Analysis of Global Markets, Analysis of Growing Markets, etc. The Council assist its members to find new Export Markets.
- **Participation in Leading Global Trade Shows-** MATEXIL facilitates exporters to participate in global exhibitions and BSMs in leading markets as well as in emerging markets for MMF Textiles and Technical Textiles.
- **Connecting with Reliable Buyers Across the Globe-** MATEXIL connects exporters with leading buyers and facilitate meetings to promote exports. The Council provides list of Foreign Buyers to its Members.
- **Sponsoring Delegations to Leading Global Markets-** MATEXIL organizes visits of trade delegations consisting of its Members to leading markets from time to time.
- **Organizing Reverse Buyer-Seller Meets-** MATEXIL organizes RBSM (Reverse Buyer Seller Meets) in India to facilitate B2B meetings between exporters and Foreign Buyers.
- **Publicize on India's Capability to Supply MMF Textiles & Technical Textiles-** MATEXIL takes steps to enhance the image of India as a reliable supplier of MMF Textiles and Technical Textiles.
- **Organize MMF Textiles and Technical Textiles Seminars & Workshops-** MATEXIL organizes Seminars, Workshops, Conferences, etc. on various subjects related to Exports of Man-Made Fibre Textiles and Technical Textiles.

Liaising with Government and Other Bodies



- **Support in Resolving Exports Issues-** MATEXIL takes up issues faced by its Members with Government Bodies like Customs, GST Commissionerate, RBI Bank, ECGC Ltd, Regional offices of DGFT and Textiles Commissioner etc.
- **Liaising with Government Authorities-** MATEXIL seeks inputs, suggestions on various policy matters including on Export Benefits, Indirect Taxations, Foreign Trade Policy, Customs Law, GST Laws and represents them to the Government.

Advisory Role

- **Assistance & Guidance on Exports Benefits-** MATEXIL provides assistance and guidance on export benefits like RoDTEP, RoSCTL, Duty Drawback, Brand Rate of Duty Drawbacks, GST Refunds , HS Codes etc. The Council also provides guidance on Schemes such as PLI, PM Mitra Scheme etc to its members.



MATEXIL

MATEXIL's Head Office

Resham Bhavan, 78, Veer Nariman Road,
Mumbai - 400020, India.

info@matexil.org

022- 62318282