Features

Of

Special Package for Employment Generation and Promotion of Exports in Textile and Apparel sector

Apparel Export Promotion Council-
Apparel House, Gurgaon

For More Information-

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Special Package related Targets

Segment / Intervention	Additional Investment (US$ bn.)	Total Employment Direct & Indirect (Lakhs)	Additional Exports (US$ bn.)
Measures to Enhance Competitiveness of the Apparel Industry (These are towards FTAs with Eu and USA)	1.6	5.7	5.7
	2.7	4	4
80JJAA Amendments Additional TUFS for garmenting Additional 3.67% EPF contribution	2.6	12.25	7
Additional 5% duty drawback for garments	2.7	9.5	9.5
Labour law reforms	1.4	1.75	4.2
Direct employment :upstream segments @35% (yarn, fabric & processing)	--	10.7	
Indirect employment* (1:1.3)	--	56.4	--
Overall Apparel Target	11	100.3	30.4
Revised AEPC Target (after deducting items marked in Red)	6.7	23.50 -Direct 26.55 - Ind 50.05 - Total	20.7

Salient Features of the Special Package

S.No	Announcements	Highlights
1	**Additional incentives under ATUFS** The package breaks new ground in moving from input to outcome based incentives by increasing subsidy under Amended-TUFS from 15% to 25% for the garment sector as a boost to employment generation. A unique feature of the scheme will be to disburse the subsidy only after the expected jobs are created. **Relevant Issuance of Circular/Notification** Notified vide Resolution dated 25.07.2016 ***Click below Hyperlink for the Notification:*** ATUFS-25 July, 2016.pdf	No 6/18/2016-TUFS The Amended TUF Scheme has been notified vide Resolution No 6/5//2015-TUFS dated 13.01.2016. The Union Cabinet under the Chairpersonship of the Prime Minister has now approved the scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivize production and employment generation in the garmenting sector (ITC Code Chapter 61,62). The additional incentive of 10% will be provided to the garmenting units which would be availing the 15% Capital Investment Subsidy (CIS) under ATUFS for the installation and benchmarked eligible machinery.. The cap on capital investment subsidy for the eligible machines in the garmenting units has therefore been enhanced from Rs. 30 Cr which was the cap under the ATUFS, to Rs. 50 Cr vide this scheme. This additional subsidy of 10% will be on achievement of the projection production and employment generation, as stated by the unit in the Detailed Project Report. The Scheme will come into effect from the date of Resolution of ATUFS i.e. 13.01.2016 till 31.03.2019. **Objective:** To boost employment generation in the textile sector, the Govt. would provide an additional 10% Capital Investment Subsidy (CIS) for garmenting units which have availed 15% CIS benefit under ATUFS based on the achievement of projected production and employment after a period of 3 years. The period of 3 years will be counted from the date of release of ATUFS subsidy to that unit. **General Eligibility Conditions:** The garmenting units (garment/apparel), who have availed 15% CIS under ATUFS and fulfill the achievement of the production and employment generation after three years period as given below are only eligible for additional 10% CIS under SPELSGU of ATUFS. (a) The production made during the last 3 years is equal to or more than the expected production as per DPR and norms under GR (Ratio as per DPR subject to minimum investment to turnover ratio of 1:3:5) (b) The employment generated during the last 3 years is equal to or more than the expected employment generation a per DPR and norms under GR (as per DPR subject to a minimum of the industry norms of 70 jobs per one crore rupee of investment) **Norms for eligible subsidy** (a) Eligible garmenting units which has availed 15% benefit under ATUFS will be paid an additional 10% Capital Investment Subsidy (CIS) on the eligible investment upto an additional maximum cap of Rs. 20 Cr. Subsidy

<table>
<tr><th>S.No</th><th>Announcements</th><th>Highlights</th></tr>
<tr><td></td><td></td><td>will be disbursed after a period of 3 years based on a verification mechanism linked to production volume, employment and turnover.
(b) Ration given in the DPR subject to minimum investment to turnover ratio of 1:3:5.
(c) Employment generation shall be in accordance with the employment figures given in the DPR subject to a minimum of the industry norm of 70 jobs per one Cr rupee of investment
(d) Joint Inspection Team (JIT) mechanism for assessing and certifying the eligibility and eligible subsidy amount.</td></tr>
<tr><td>2</td><td>Enhanced duty drawback coverage
Drawback at All Industries Rate to be given for domestic duty paid inputs even when fabrics are imported under Advance Authorization Scheme

Relevant Issuance of Circular/Notification

Notified Circular No. 37/2016 - Customs
Ministry of Finance, Deptt of Rev. CBEC, DBK Div Dated- 13.8.2016

Notified vide Notification No 110/2016-Customs (NT) dated 1308.2016

By and large, rates are 3.4% for Cotton and 4.4% for Blend and MMF

Women or Girl Blouse, shirt and shirt-blouses (Knitted) 6106
<table>
<tr><th>Description</th><th>DBK Rate</th><th>DBK Value Cap</th></tr>
<tr><td>Of Cotton</td><td>3.9%</td><td>43.1</td></tr>
<tr><td>Of Blend</td><td>4.7%</td><td>41.6</td></tr>
<tr><td>Of MMF</td><td>4.7%</td><td>39.9</td></tr>
</table></td><td>DGFT Notification No. 21/2015-2020 dated 11th, August 2016 which has notified para 4.04A in the FTP 2015-20 providing for duty free pre-import of fabric (including interlining) only under a Special Advance Authorisation Scheme wherein the said fabric gets physically incorporated (making normal allowance for wastage) in goods of Chapter 61 and 62 of ITC(HS) that are physically exported to fulfil the export obligation. In this Scheme, the exporters can also be eligible for All Industry Rates of Duty Drawback as specifically determined by Central Government in which case, for the purpose of value addition norm of para 4.08 of FTP, the value of any other input used on which benefit of Drawback is claimed or intended to claimed has been specified in the DGFT notification as equal to 22% of the FOB value of export realized.

Notification No. 45/2016-Customs dated 13th August, 2016 has been issued providing exemption to fabrics (including interlining) from import duty subject to conditions specified therein. Further, Notification No. 110/2016-Customs (NT) dated 13th August, 2016 has been issued providing, subject to the specified conditions, the alternative All Industry Rates (AIRs) of drawback in the Drawback Schedule for the exports made against the Special Advance Authorisation in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13th August, 2016.

For the alternative AIRs relevant tariff item has to be suffixed with suffix ‘C’ or suffix ‘D’ for the situation when Cenvat facility has not been availed or when Cenvat facility has been availed, respectively, instead of the usual suffix ‘A’ or suffix ‘B’.

The above mentioned DGFT and Customs notifications are effective from 1st September 2016.
DGFT made amendments in Handbook of Procedure 2015-20 vide Public Notice No 27/2015-2020 dated 31.08.2016</td></tr>
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<tr><th>S.No</th><th>Announcements</th><th>Highlights</th></tr>
<tr><td></td><td>

Women or Girl Blouse, shirt and shirt-blouses (Woven) 6206

<table>
<tr><th>Description</th><th>DBK Rate</th><th>DBK Value Cap</th></tr>
<tr><td>Of Cotton</td><td>3.9%</td><td>42</td></tr>
<tr><td>Of Blend</td><td>4.7%</td><td>41.6</td></tr>
<tr><td>Of MMF</td><td>4.7%</td><td>44</td></tr>
</table>

T-Shirts, singlets and other vests, knitted or crocheted

<table>
<tr><th>Description</th><th>DBK Rate</th><th>DBK Value Cap</th></tr>
<tr><td>Of Cotton</td><td>3.5%</td><td>31</td></tr>
<tr><td>Of Blend</td><td>4.2%</td><td>36</td></tr>
<tr><td>Of MMF</td><td>4.7%</td><td>37</td></tr>
</table>

Detailed Notification No. 110/2016-Customs (NT) Dated 13.08.2016

Click below Hyperlink for the Notification:

Advance Authorization 4.pdf

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1. **Amendments in Para 4.02(i)**

Para 4.02(i) is amended to read as under:

Application for grant of Advance Authorization/Special Advance Authorization for export of Articles of Apparel and Clothing Accessories / Advance Authorization for Annual Requirement / Duty Free Import Authorization (DFIA) shall be filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority as per Appendix 1A. Applicant could be either registered office or head office or a branch office or a manufacturing unit of the IEC holder.

2. **Below existing Para 4.45, a new Para 4.45A is added as follows:**

(i) Policy relating to Special Advance Authorization for export of Articles of ?Apparel and Clothing Accessories covered under Chapter 61 and 62 of ITC (HS) Classification of Export and Import is prescribed in Para 4.04A of Foreign Trade Policy.

3. Following entry is added in table of Appendix 4 J related to “Export Obligation Period for Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories”

<table>
<tr><th>S.No</th><th>Import Items</th><th>Export Obligation Period from the date of clearance of each import consignment by Customs Authority</th></tr>
<tr><td>10</td><td>Fabrics including interlining under Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories (Para 4.04A of FTP)</td><td>12 months from the date of issue of authorization (not from the date of import) as allowed in Para 2.16(vi) of HBP and further extension as allowed in Para 4.42(a), (b), (c) and (e) of HBP.</td></tr>
</table>

Vide DGFT Trade Notice on Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories, the following has been specified:

(1) Application for grant of Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories can be filed online through DGFT website http://dgft.gov.in/. Procedure for filing application online for this authorization is similar to filing of application for the regular Advance Authorization. The normal Advance Authorization scheme which is in operation, is still available for exporters. Is for the exporters to choose any scheme of their choice.

(2) DGFT EDI system is designed to calculate value addition automatically based on FOR value of exports, CIF value of imports. Value of any other input used on which benefit of All Industry rate of Duty Drawback is

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S.No	Announcements	Highlights
		claimed or intended to be claimed shall be equal to 22% of the FOB value of export realized and this value is factored in EDI system while calculating value addition. (3) Regional authorities are required to check in particular the following before grant of authorization under Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories. (i) Authorization under this scheme shall be granted only for import of relevant fabrics including interlining. Any import item other than fabric, if claimed shall be disallowed by RA before granting the authorization. (ii) Authorization under this scheme can only be granted for export items falling under Chapter 61 & 62 of ITC (HS) classification of export and import items. (iii) Minimum value addition of 15% is required. (iv) Authorization under this scheme shall be granted for item under SION as well as existing & valid Adhoc Norms. Norms should be valid on the date of issue of issue of authorization. (v) The fabric imported under this authorization shall be subjected to actual user condition. The same shall be non-transferable even after completion of export obligation. Howver the fabric imported may be transferred for job work as permitted by Central Excise (excluding to units located in areas eligible for area based exemption from Central Excise Duty). Facility of invalidation of the authorization shall not be permitted. (vi) The fabric imported shall be subject to pre-import condition and it shall be physically incorporated in the export product (making normal allowance of wastage). Only physical exports shall fulfil the export obligation.
3	In a first of its kind move, a new scheme will be introduced to refund the state levies which were not refunded so far. **Rebate rates by and large on Cotton Garments is between 3.2% to 3.9%** **and for Blended and Manmade Fabric it is 2.7% to 3.3%.** **Relevant Issuance of Circular/Notification** **Notified through SCHEME FOR REBATE OF STATE LEVIES ON EXPORT OF GARMENTS** Notified vide Gazette Notification No 12020/03/2016-IT dated 13.08.2016. ***Click below Hyperlink for the Notification:*** ROSL Scheme.pdf ROSL Scheme Schedule_New.pdf	**Short Title and Commencement** The scheme shall be called Scheme for Rebate of State Levies on Export of Garments 2016. (hereinafter referred to as the ROSL Scheme). The said Scheme will come into operation from 20th September 2016 and shall remain in operation for a period of three (3) years from that date. **Objective :** • Shipping Bill or Bill of Export shall be the entry made before proper officer of Customs by an exporter of garments.Value in relation to exported garments shall be the Free on Board (FOB) value. • Garments shall mean goods falling under Chapters 61 or 62 of the Schedule of All Industry Rates (AIR) of Drawback. • Rebate of State Levies shall be understood to comprise State VAT/CST on inputs including packaging, fuel, duty on electricity generation and duties and charges on purchase of grid power, as accumulated through the stages of production from yarn to finished garments.

S.No	Announcements	Highlights
		Rate of Rebate The rate and rebate shall be applicable only to exporters who have constituted an Internal Complaints Committee (ICC) in pursuance of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013, and if the exporter has not claimed or shall not claim credit/rebate/refund/reimbursement of these specific State Levies under any other mechanism. **Claim for Rebate** The ROSL scheme is optional for the exporter. An exporter opting for this scheme shall make claim for rebate on drawback exports at item-level signifying both his subscription to and acceptance of the terms and conditions of the Scheme as well as exporter's declaration of compliance to Para 4.2 hereinabove. The method of exercising such claim-cum-declarations shall be publicised separately. **Budgetary provision and payment of rebate** • The amount of rebate shall be calculated using the FOB value. The general rate of rebate with cap for a tariff item as shown in columns (4)&(5) of Schedule 1 of rates being notified shall be applied for calculation when the item has claim for AIR Drawback or export under claim for brand rate drawback with claim for provisional Customs portion of AIR. The rate of rebate with cap for a tariff item as shown in columns (4)&(5)of Schedule 2 of rates being notified shall be applied for calculation when the item has exports against the Special Advance Authorization scheme where duty free fabric (including interlining) only has been imported. • The processing of rebate claims shall be made after the goods are exported and in parallel with Duty Drawback albeit separately after drawback is processed. • Ministry of Textiles would obtain monthly list of rebate claims disbursed to cause appropriate checks for ensuring integrity of declarations made in terms of para 4.2 of the scheme i.e. constitution of ICC **Repayment by claimant / recovery and dispute resolution** • The rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed never to have been allowed on the same lines as Duty Drawback. F When rebate is availed by wrong declaration of exporter regarding meeting the eligibility conditions in para 4.2

S.No	Announcements	Highlights
		of this scheme, the action would be initiated and concluded in the individual case by the O/o Textile Commissioner under the Ministry of Textiles. **Vide Circular No 43/2016-Customs dated 31.08.2016, Ministry of Finance, Department of Revenue, CBEC, DBK Division on rebate of State Levies on Export of Garments** - a mechanism has been adopted wherein the rebate of State levies on garment exports is provided based on a budgetary allocation of the Ministry of Textiles under a scheme in which the Department of Revenue/Central Board of Excise and Customs (CBEC) handles disbursement along with the extant Duty Drawback. 2. In pursuance of this decision, and in consultation with CBEC and keeping in view inputs from Department of Legal Affairs, the Controllers of Accounts and the DG Systems (CBEC) on legal, administrative and infrastructure aspects, the Central Government (Ministry of Textiles) has issued Notification Nos. 12020/03/2016-IT dated 12.8.2016 and 31.8.2016 for the Scheme for Rebate of State Levies on Export of Garments, 2016 (ROSL scheme). Further, based on the recommendations of the Drawback Committee constituted by the Central Government (Ministry of Finance, Department of Revenue, CBEC), the Central Government (Ministry of Textiles) has issued Notification No. 12020/03/2016-IT dated 13.8.2016 notifying the rates of rebate in Schedule I and Schedule II. These notifications should be downloaded from egazette.gov.in and perused. This Circular provides the guideline framework for implementation of this scheme. 3. The ROSL scheme is meant for exports of garments that are defined in the scheme as goods falling under Chapters 61 or 62 of the Schedule of All Industry Rates of Drawback. It is applicable to exports with Let Export Order dates from 20.9.2016 onwards. Though applicability is for three years, nonetheless based on changes in underlying conditions, the Central Government can adjust the rates of rebate. 4. The rates of rebate notified are accompanied by rebate caps in Rupees/Unit. These rates are on an average basis and determined in a like manner as AIRs of Drawback. The rate of rebate is not divisible into any component tax or input. The rates of rebate are provided either as the general rates of rebate (Schedule I) or the rates of rebate applicable for exports when the fabric (including interlining) only has been imported duty free under Special Advance Authorization (Schedule II). These schedules are based on the extant Schedule of All Industry Rates of Drawback for Chapters 61 and 62. The rebate is not applicable on exports made under the general Advance Authorization Scheme with claim of duty drawback under Rule 6 of the Drawback Rules. The definition of export in ROSL scheme does not cover movement of goods from DTA to SEZ units. Page

S.No	Announcements	Highlights
		5. In ROSL scheme, the rebate of State levies is understood to comprise State VAT/CST on inputs including packaging, fuel, duty on electricity generation and duties and charges on purchase of grid power, as accumulated through the stages of production from yarn to finished garments. The ROSL scheme is not mandatory for an exporter. Therefore, an exporter has to make a conscious choice to opt for ROSL scheme by making claim for rebate in acceptance of the ROSL schemes terms and conditions (including under this Circular) cum a declaration of eligibility for the rate and rebate. This declaration of eligibility is exporter's self-declaration that he is eligible for the rate and rebate in as much as exporter has not claimed and shall not claim the credit/ rebate/ refund/ reimbursement of the specific taxes that comprise the rebate of State levies under any other mechanism and also that exporter has constituted an Internal Complaints Committee (ICC), where applicable, in pursuance of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 6. The claim cum declaration of eligibility has to be made by exporter on drawback exports at itemlevel. The drawback exports (shipping bill or bill of export) may be standalone or in combination with other schemes. The options in permutation with the ROSL Scheme are being provided with separate scheme-codes which the exporter is to declare at item level to make claim cum declaration for the rebate. For EDI shipping bill, selection of the scheme-code involving ROSL scheme at the time of export shall itself amount to making claim cum declaration of eligibility. For EDI shipping bill this shall be the only means to make the claim. If need for manual shipping bill arises, only then the exporter printing the claim cum declaration on the shipping bill shall be accepted. No claim for rebate shall lie except in this manner. The scheme-codes are being publicized by the Systems Directorate. 7. The amount of rebate is calculated using the FOB value and the rates and caps of rebate specified in ROSL scheme. The rate and cap of rebate for a tariff item as shown in columns (4) and (5), – (a) of said Schedule I is used for calculation when shipping bill item has claim for AIR drawback or when the shipping bill item involves export under Rule 7 of Drawback Rules 1995 under claim for Brand Rate of drawback with identifier 9807 followed by tariff item number and suffix "B" of the AIR Drawback Schedule where provisional Drawback of Customs portion is to be paid; (b) of said Schedule II is used for calculation when the shipping bill item has claim for AIR drawback in combination with Special Advance Authorization of para 4.04A of FTP 2015-20 or when the shipping bill item involves export under Rule 7 of Drawback Rules 1995 under claim for Brand Rate under this combination with identifier 9807 followed by tariff item number and suffix "D" of the AIR Drawback Schedule where provisional Drawback of Customs portion is to be paid. 8. The ROSL scheme provides for rebate claims handling only after the goods are exported (i.e. on correct filing of Export General Manifest for the shipping bill or bill of export) and in parallel with Duty Drawback albeit separately, and after Drawback is processed. For EDI shipping bills the calculation is being automated by the Systems Directorate. For

S.No	Announcements	Highlights
		manual exports, the Deputy/Assistant Commissioner (Drawback) shall calculate the rebate amount. Before scrolling out rebate for payment in EDI or manually generating the list for rebate payment, the DC/AC (Drawback) would rule out existence of alert against exporter or shipping bill. Based on Central Government (Ministry of Finance) approval, the DC/AC (Drawback) is authorized by CBEC to issue sanction of rebate. The scroll/list of payments would be routed to PAO. For EDI shipping bills, the routing is being arranged by Customs EDI with digital signature in manner compatible with e-PAO. The PAO shall ensure payment into exporter's bank account based on availability of budgetary allocation of Ministry of Textiles. 9. To facilitate exporters, the Systems Directorate is making arrangements to reflect the rebate amount in shipping bill check list, during export processing and in print out of post-LEO shipping bill and make available rebate related information to exporters on similar lines as being made available for Drawback. 10. The ROSL scheme provides that the exporter shall return any over-payment of rebate arising from miscalculation. It is also a condition of the ROSL scheme that the rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate is deemed never to have been allowed on the same lines as Duty Drawback, and any other cause that also affects the Drawback is deemed to have the similar effect on the rebate. Since the officers of CBEC adopt the processes applicable to Drawback Scheme for recovery from exporter or repayment by exporter of Drawback, on this premise, the ROSL scheme declares that in such cases the decisions with respect to Drawback, including in cases of disputes, are deemed to apply mutatis mutandis to the rebate. Thus, the officers of CBEC are not required to directly adjudicate or dispose in appeal the rebate amount; however the status/decisions in Drawback matters are to be adopted for the rebate. 11. In pursuance of recovery provisions for rebate in the ROSL scheme, it is guided that the DC/AC (Drawback) is to issue a letter to the exporter in terms of para 7 of ROSL Scheme informing the rebate amount to be paid into the account head of Ministry of Textiles and specify that interest at the rate of 15% per annum on that amount is due from the date of payment of rebate. The letter is to request the exporter to deposit the full sum within 30 days in the designated account head of Ministry of Textiles and to submit proof of such deposit to the office of the Textile Commissioner within 60 days of the date of the letter. The letter shall also inform the exporter that any such amount that remains to be reconciled as deposited in the office of the Textile Commissioner would be recovered by the Textile Commissioner. A copy of this letter shall be endorsed to the office of the Textile Commissioner for necessary action. These actions by DC/AC (Drawback), where applicable, are to be taken based on the status of actions/decisions on the Drawback front. This is an area where the Commissioners have responsibility of close monitoring of the nature of actions being taken by the DC/AC (Drawback), for ensuring proper record-keeping distinct from that for Drawback Scheme and for maintaining effective coordination with the Textile Commissioner so that actions remain logical and informed as the ROSL scheme has empowered the Textile Commissioner to have the amounts recovered as arrears of land revenue. Moreover, to ensure hundred percent effective communication the above mentioned endorsed letters or

S.No	Announcements	Highlights
		other documentary exchanges made with Textile Commissioner's office should necessarily be replicated via official email. 12. The ROSL scheme requires the Ministry of Textiles to cause checks to ensure integrity of the declarations of eligibility for rate and rebate made by exporters on the counts of having constituted the ICC where required and/or not having claimed reimbursement etc of the specific State levies under any other mechanism. For this purposes, a monthly list of rebate claims processed in EDI containing details that include IEC number, name of exporter, State of origin of goods declared in shipping bill and shipping bill number-date-wise amount of rebate scrolled, would be conveyed by the Systems Directorate via email to Ministry of Textiles. Every Customs location from where any rebate may have been processed manually shall convey this information from its official email. Where recovery arises on ground of wrongful declaration of eligibility by exporter, the entire actions for recovery would be initiated and concluded by the Textile Commissioner. 13. It is clarified that making good short-payment of rebate, if any, or when rebate allowed is deposited back by exporter with office of Textile Commissioner but is required to be repaid to exporter, would require the DC/AC (Drawback) to manually issue payment list to the PAO. 14. The Systems Directorate shall publicize its arrangements including to exporters in sufficient advance of 20.9.2016 for seamless implementation of the ROSL scheme. Similarly, the Pr. CCA (CBEC) shall publicize in advance its preparations and procedures including the account heads to exporters, officers of CBEC and PAOs. 15. Based on this guideline framework the individual Commissioners are required to provide adequate guidance to officers and exporters, inter alia, also giving sufficient attention with respect to actions described in paras 11 and 13 above and to facilitate the smooth functioning of the ROSL scheme. 16. Difficulties in implementation, if any, that a Commissioner is not able to resolve, shall be resolved by the Chief Commissioner under intimation to the Board. Issues that Chief Commissioners are not in a position to resolve should be referred to the Board.

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4	**Employee Provident Fund Scheme Reforms** Govt. of India shall bear the entire 12% of the employers' contribution of the Employers Provident Fund Scheme for new employees of garment industry for first 3 years who are earning less than Rs. 15,000 per month At present, 8.33% of employer's contribution is already being provided by Government under Pradhan Mantri Rozgar Protsahan Yojana (PMRPY). Ministry of Textiles shall provide additional 3.67% of the employer's contribution amounting to Rs. 1,170 crores over next 3 years. **Relevant Issuance of Circular/Notification** Notified vide OM no DGE-U-13015/1/2016-MP (G) dated 09.08.2016. ***Click below Hyperlink for the Notification:*** MoLE PMRPY Scheme Guidelines.pdf	**Scheme Guidelines for Pradhan Mantri Rojgar Protsahan Yojana (PMRPY)** A scheme to incentivize employers registered with the EPFO for job creation by the Govt paying the 8.33% contribution of employers to the Employee Pension Scheme (EPS) in respect of new employees having a new Universal Account Number (UAN). For the textile (apparel) sector, the Govt. will also be paying the 3.67% EPF contribution of the eligible employer for those new employees. The Scheme will be operational w.e.f. 09.08.2016. **Scheme Objectives:** Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Plan Scheme has been designed to incentivize employers for generation of new employment. This Scheme has a dual benefit, where, on the one hand, the employer is incentivized for increasing the employment base of workers in the establishment, and on the other hand, a large number of workers will find jobs in such establishments. A direct benefit is that these workers will have access to social security benefits of the organized sector. **Definitions:** Following definitions would also be relevant: (a) Electronic Challan cum Return (ECR) are the monthly challans/returns submitted online to the EPFO by the employers/establishments. (b) Universal Account Number (UAN) are the unique account number issued by the EPFO to the employees. The UANs need to be Aadhar seeded and verified. (c) PMRPY Reference Base – The reference base is taken from the ECR return filed by the employer/establishment as on 31.03.2016 and is the number of employees against whom the employer has deposited / filed the employer's contribution of 12% (3.67% EPF + 8.33% EPS) of wages with EPFO. New establishments getting registered with EPFO after 01.04.2016, the reference base would be taken as Zero/NIL and all new employees would be entitled to be covered. (d) National Industrial Classification Code (NIC) – 2008 is the code developed and maintained by Ministry of Statistics & Programme implementation for codification and categorization of industries based on their economic activity.

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		(e) New employee is an employee less than Rs. 15000 per month, who was not working in any establishment registered with the EPFO in the past and did not have a Universal Account Number pr8or to 01.04.2016. **Scheme Eligibility – All establishment registered with the EPFO can apply for availing benefits:** (a) Establishments registered with EPFO should also have a Labour Identification Number (LIN) allotted to them under the Shram Suvidha Portal (https://shramsuvidha.gov.in) The LIN will be the primary reference number for all communication to be made under the PMRPY Scheme. (b) The eligible employer must have added new employees to the reference base of workers in order to avail benefit under the Scheme from August 2016 onwards. The reference base of workers will be determined by the number of employees against whom the employer has deposited the 12% (3.67% EPF + 8.33 EPS) with EPFO as on 31.03.2016, as ascertained/verified from the monthly ECR for March, 2016. For example, an establishment, say M/s. ABC Ltd had filed an ECR for the employers' contribution for 45 employees/workers in march, 2016. In the month of April, 2016, the establishment has added, say 15 new workers bringing the total employees to 60, the employer will be eligible to apply for the PMRPY scheme benefits for these 15 new employees. The employer will not be eligible to avail of PMRPY benefits if there is no new employment vis-à-vis the reference base in any subsequent month. The new employee, as mentioned in para 5(e) above, is one that had not worked in any EPFO registered establishment or had a Universal Account Number, in the past i.e. prior to 01.04.2016. (c) Employees earning wages more than Rs. 15000 per month will not be eligible. In case the new employer does not have a new UAN, the employer will facilitate this through the EPFO portal. (d) The employers will cont8inue to get the 8.33% contribution paid by the Govt. for these eligible new employees for the next 3 years, provided they continue in employment by the same employer. The 8.33% contribution will be paid by the GoI after the employer has remitted the 3.67% EPF contribution for these new employees each month. To avoid any penalty on the EPF/EPS contribution, the employer is advised to submit the PMRPY online form at the earliest, preferably by the 10th of the following month. In case the textile (apparel) sector, the employers are also eligible to get the 3.67% EPF contribution paid by the Govt. as mentioned in the PMRPY online form. This benefit can be availed of by the textile (apparel) sector establishments dealing with the Manufacture of wearing apparel, in particular NIC Codes 1410 and 1430. The Govt., in this case, will also pay the EPF contribution of 3.67% in addition to paying the EPS contribution of 8.33%. The payment of 8.33% EPS and 3.67% EPF by the Govt will be made after the employer has credited the 12% EPF contribution of the employees with the EPFO.

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The industry sector/sub-sectors covered by this component are the following NIC Codes:

(1) NIC 1410 : Manufacture of wearing apparel, except fur apparel
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<tr><td>a.</td><td>NIC 14101</td><td>Manufacture of all types of textile garments and clothing accessories.</td></tr>
<tr><td>b.</td><td>NIC 14102</td><td>Manufacture of rain coats of waterproof textile fabrics or plastic sheetings</td></tr>
<tr><td>c.</td><td>NIC 14105</td><td>Custom tailoring</td></tr>
<tr><td>d.</td><td>NIC 14109</td><td>Manufacture of wearing apparel not elsewhere classified</td></tr>
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(2) NIC 1430: Manufacture of knitted and crocheted apparel
<table>
<tr><td>a.</td><td>NIC 14301</td><td>Manufacture of knitted or crocheted wearing apparel and other made-up articles directly into shape (pullovers, cardigans, jerseys, waistcoats and similar articles)</td></tr>
<tr><td>b.</td><td>NIC 14309</td><td>Manufacture of other knitted or crocheted apparel including hosiery</td></tr>
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S.No	Announcements	Highlights
		(e) Employers/Establishments applying for the Scheme shall be fully responsible for the information uploaded. If at any time, it is found that the information submitted is incorrect or false, it will be assumed that the EPS payment (and EPF payment for textile sector) has not been made for these employees. The employer will then be liable for dues and penalties as already specified under the relevant provisions of the EPF Scheme 1952. (f) Third Party Evaluation will also be undertaken on a periodic basis. An elaborate IEC media and awareness campaign will be put in place for effective propagation of the PMRPY Scheme. **Instruction for availing benefits under PMRPY Scheme** (a) Employers are to Login to the PMRPY portal (www.pmrpy.gov.in) using their LIN/EPFO registration ID (Format as at Annex-i) (b) Enter the organization details including the organization PAN, nature of industry/sector as per National Industrial Classification Code NIC 2008. In case of multi-product establishments, the appropriate NIC code is determined by the category of the product contributing the maximum value added for the establishments. (c) For the textile (apparel) sector dealing with the manufacture of wearing apparel, in particular, NIC 1410 (Manufacture of wearing apparel, except fur apparel) and NIC 1430 (Manufacture of knitted and crocheted apparel), the Govt. will also pay the EPF contribution of 3.67%, in addition to the payment of the EPS contribution of 8.33%. (d) The employment to be covered under the Scheme would comprise new employment for workers earning wages less than Rs. 15000 per month. The description of the post (job role) for the new employment needs to eb specified along-with the date of joining and date of exit, if applicable. (e) PMRPY form should be submitted by eligible employers at the end of each month. (f) In case the employer does not submit the information on-line on the PMRPY form by the 10th of the following month, he will not be eligible for availing benefits under the PMRPY Scheme for that month. (g) The submission of the form will be determined by the employer having paid the 3.67% EPF Contribution in respect of these new employees. **1. Eligibility Criteria for establishments for claiming benefits under the Scheme** (a) Establishment should be registered with EPFO under the EPF Act 1952 and have a valid LIN. (b) In case the establishment does not have a Labour Identification Number (LIN), he may apply through the Shram Suvidha Portal (http://shramsuvidha.gov.in) (c) Establishment should have a valid organization PAN (d) Establishment must have a valid Bank Account, the details of which are to be entered and through which payments may be made to the establishment. (e) Establishment should have submitted their ECR for the month of March, 2016.

S.No	Announcements	Highlights
		(f) Establishment should have increased the number of employees on or after 01.04.2016. (g) For new establishments registered after 01.04.2016, all new employees can be covered subject to para 2 below. **2. Necessary conditions for eligibility of employees under PMRPY** (a) New employee should have joined in the establishment (refer 1(e) above) on or after 01.04.2016 and should not have been a regular employee in any EPF registered establishment prior to this. (b) Employer should ensure that the new employee has a valid UAN which is Aadhaar linked. In case it not available, it may obtained from the EPFO website (http://www.epfindia.com). The mobile number and other contract details are to be captured by EPFO. (c) The monthly wages of the new employee should be less than Rs. 15000/- (d) The EPS contribution for the new employee will be available for 3 years. (e) In case an establishment eligible for a Scheme has a drop/fall in employment from the reference base, the establishment will not be eligible for the Scheme in the months where employment is below this reference base. **3. Validation of new employees** (a) Employer will upload the ECR file as proposed in ECR 2.0 (b) ECR will be accompanied with an online certificate from the employer stating the submission is claimed only in respect of new employees without past service and for newly created posts. **4. Start and continuation of Scheme** The PMRPY Scheme will become operational from the date of issue/approval of the Scheme Guidelines (i.e. 09.08.2016). The establishment will continue to update the PMRPY interface each month (latest by 10th of the following month) so that the necessary EPS payment and EPF payment (for textile (apparel) sector) continues. **Process flow (for use by MoLE, EPFO and Ministry of Textiles.** (a) The PAN and LIN of the establishment will be validated.

S.No	Announcements	Highlights
		(b) The details of the new employee (as submitted by the employer in the ECR) will be validated from the UAN database. (c) UAN seeded with Aadhar number would be validated in UIDAI/EPFO database for verification and de-duplication. (d) The bank details (account no. IFSC Code etc) of the employer will be checked by the banking gateway by EPFO. (e) After due verification, the system will compute the amount due for that establishment against the verified new employee (f) Based on the information provided by the establishment and having been verified, the remittance made for the 3.67% EPF contribution against these new eligible employees will trigger release of the 8.33% EPS contribution. This will be drawn from the PMRPY pool towards the EPS account for a period of 3 years for the new employee. (g) In case of the textile (apparel) sector, the 3.67% EPF contribution will be paid to EPFO on submission of the ECR and PMRPY form. **Linkages with NCS** (a) PMRPY database to be accessible to NCS for analysis (b) All EPF establishments to be able to login to the NCS using their LIN (c) All new employees can login to NCS using UAN/Aadhaar (d) All new vacancies covered under the PMRPY Scheme may be posted on the NCS after 01.12.2016. **(e)** Current employment status of all new employees will be updated as “employed” on NCS

S.No	Announcements	Highlights
5	**Introduction of Fixed Term Employment** Looking to the seasonal nature of the industry, fixed term employment shall be introduced for the garment sector A fixed term workman will be considered at par with permanent workman in terms of working hours, wages, allowanced and other statutory dues. The Fixed Term Employment introduced in Apparel Manufacturing sector in Industrial Employment (Standing Order) Act vide Notification dated 7.10.2016 of Ministry of Labour and Employment. **Relevant issuance of Circular/Notification** **Vide notification no. GSR 976(E) dated 7.10.16 by Ministry of Labour and Employment.** ***Click below Hyperlink for the Notification:*** **Fixed Term Employement.PDF**	**Fixed Term Employment in Apparel and Manufacturing Sector** - **Concept** - The concept of Fixed Term Employment define the tenure of employment as well as other associated conditions of service and remunerations, which are provided to regular employees under various labour laws. Fixed term employment was defined as a workman who is employed on a contract basis for a fixed period. Thus the services of workman will be automatically terminated as a result of non renewal of the contract between the employer and the workman concerned. Separation of service of a workman as a result of non renewal of the contract of employment between the employer and workman concerned shall not be construed as termination of employment. - **Objective for permitting Fixed Term Employment in Apparel Manufacturing Sector** 1) The seasonal nature of Textile sector results in fluctuation of demand and hence requires flexibility in employing worker. 2) The working conditions in terms of working hours, wages, allowances and other statutory dues of a fixed term employee would be at par with permanent workmen. 3) A fixed term worker will also be eligible for all statutory benefits available to a permanent workman proportionately according to the period of service rendered by him even though his period of employment does not extend to the qualifying period of employment required in the statute. 4) The employer can directly hire a worker for a fixed term without mediation of any contractor. 5) The worker employed for short period will get better working and service conditions as compared to a contract worker. 6) The flexibility would provide flexibility to textile sector in employing workers and hence strengthen and empower the Indian Textile and Apparel sector. **It is one of the measures of the approved Textile package for Textile sector on 22.06.2016.** . The measures assume significance due also to its potential for **social transformation through women empowerment**; since 70% of the workforce in the garment industry are women, **majority of the new jobs created are likely to go to women**. **Conclusion** It is a "win win" situation for both worker and employer as at on the one side it provided flexibility for employing workers as per the demands of the market and on the other hand it ensures that worker hired gets equal benefits and working condition at par with the permanent employee.

S.No	Announcements	Highlights
6	**Increasing overtime caps** Overtime hours for workers not to exceed 8 hours per week in line with ILO norms. This shall lead to increased earnings for the workers.	**Relevant Issuance of Circulars/Notification – (Draft issued)** Bill No 216 of 2016 dated 18.08.2016 issued. Page 28 of the Draft Amendment proposals, issued by the MoLE (iv) the total number of hours of overtime shall not exceed 100 for any one quarter
7	**Employee Provident Fund Scheme Reforms** EPF shall be made optional for employees earning less than Rs. 15,000 per month This shall leave more money in the hands of the workers and also promote employment in the formal sector.	**Relevant issuance of Circular/Notification** **To be notified.**
8	**Enhancing scope of Section 80JJAA of Income Tax Act** Looking at the seasonal nature of garment industry, the provision of 240 days under Section 80JJAA of Income Tax Act would be relaxed to 150 days for garment industry	**Relevant issuance of Circular/Notification** **To be notified.**