

## **TEXPROCIL Seeks Higher Export Benefits for the Textile Sector**

22 August, 2014 - In a statement issued this evening, Mr. Manikam Ramaswami, Chairman of the Cotton Textiles Export Promotion Council (TEXPROCIL) has pointed out that with regard to the various schemes under the Foreign Trade Policy 2009-14, the textile industry deserves the highest incentives for exports, compared to all other manufactured product exports, if the stated policy objectives on incentives enunciated by the Government are strictly followed.

While justifying the demand, he said that it can be substantiated by the fact that the sector creates several times more employment per rupee of exports than most manufactured goods. It has almost 100% net foreign exchange earned while consuming India made / grown raw material. The sector also operates with very low profits in a highly competitive market while suffering the highest percentage of FOB value for transportation costs, he added.

In its representation to the Government the Council, he further added, has stressed that unlike many manufactured items that enjoy very high profits and are not susceptible or influenced by the percentage of incentives, textile and clothing exports get impacted even if the rupee appreciates by 3 or 4 % and is therefore critically dependent on the quantum of incentives to ensure export competitiveness. Even highly profitable branded goods which cannot increase their exports because of a few additional percentage of incentives get higher incentives than the textile sector.

Mr. Manikam Ramaswami mentioned that in the current situation the Export benefits granted to the textiles sector are very low ranging from zero to 2% for yarns, 3 - 5% for fabrics and Made-ups. Against this, there are many items like telephone equipments, radio equipments, mobiles etc. which enjoy 5% Duty Credit Entitlements while items like tricycles, set top boxes, video games etc. enjoy 7% Duty Credit Entitlements (including bonus).

TEXPROCIL, he stated, strongly feels that by reallocating the limited resources available for export promotion as per the stated policy, the country can substantially increase India's exports and create lakhs of additional jobs. The statements frequently made that export incentives will favour labour intensive activity are regrettably totally untrue and the stated policy is not being followed while fixing incentives, he added.

Considering these factors, the Chairman, TEXPROCIL has appealed to the Ministry of Commerce & Industry to extend more benefits to the Textiles sector under the forthcoming Foreign Trade Policy, recognizing its tremendous potential to generate employment and promote inclusive growth.