

PRESS RELEASE

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Budget ignores the Textile Industry – Chairman, Texprocil

The budget has been a great disappointment for the textile industry as no significant policy measures have been announced to address the issues currently being faced by this crisis ridden industry. Shri Prem Malik, Chairman, Texprocil stated that the industry was hoping for some relief in the form of reduction in Excise and Custom Duties on plant and machinery, refund of State Level Duties and reduction in interest rates. However, the budget document has completely ignored the concerns of the textile and clothing sector which is a highly labour intensive sector playing a prominent role in promoting inclusive growth in the industry.

In fact, the Economic Survey 2007-2008 has clearly recognized the slowdown in the exports of textile products from India. The Survey pointed that the textile sector, which is the second largest employment generator and has very low import content, has been plagued by factors like high transaction and power costs, technological obsolescence and labour issues. Given this assessment, it is surprising that shuttle less looms have been withdrawn from the exemption list of Central Excise/CVD and now attracting 8% duty. With the weaving sector amongst the weakest links in the textile value chain, withdrawal of exemption on excise duty on shuttleless looms at this juncture is totally unjustified and a retrograde step.

The exporters of textile had huge expectations from the budget which would have helped them in overcoming the challenges arising out of loss in global competitiveness due to the factors such as steep appreciation of Indian Rupee, rising raw material costs, high interest rates.

Contrary to the expectations, the exporters of textile have gained nothing but lip service from the Finance Minister in terms of assurances that the Government is sensitive to the needs of the export sector and it will continue to respond sympathetically as the situation demands.

Mr.Malik has further stated that the increase in the outlay for the TUF Scheme was also meager and did not instill any confidence amongst the investors and entrepreneurs. More over, there is already a huge backlog of applications waiting to be cleared and the additional amount would only suffice to clear this backlog. He appealed to the Finance Minister to consider announcing a special relief package for the textile sector which includes refund of unrebated state levies, reduction in transaction costs and lowering of interest rates. In case no steps are taken the competitive advantage of the Indian textile industry would be eroded beyond repair.

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