

TEXPROCIL

PRESS RELEASE

“Union Budget 2021-22 Growth oriented but imposition of BCD on Cotton - a matter of deep concern” - Chairman, TEXPROCIL

The Union Budget for 2021-22 has launched “Mega Investment Textiles Parks (MITRA) under which seven Textile Parks will be established over a period of three years. “This is a very positive step which will enable the textile industry to become globally competitive, attract large investments and boost employment generation”, said Shri Manoj Patodia, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

The Budget has reduced the Basic Customs Duty on caprolactam, nylon chips and nylon fiber & yarn to 5%. This will encourage the growth of the MMF sector especially the MSMEs, according to the Chairman, TEXPROCIL.

On the Direct Taxes, the Budget has reduced the time-limit for re-opening of assessment to 3 years from the present 6 year. This is a welcome step and it will remove the uncertainty for the assesses”.

However, Shri Manoj Patodia expressed his concern over the imposition of 10% Basic Customs duty on Raw Cotton which was surprising. He said this will make imports of Extra Long Staple Cotton costly especially Giza Cotton from Egypt and Supima Cotton from the US.

The Chairman, TEXPROCIL also expressed his apprehension that the imposition of import duty on Cotton will increase the domestic prices of Cotton which will now be based on the import parity price plus the Basic Customs duty which in turn will increase cost for the value added products like fabrics , made ups and garments.

He also pointed out that there has been a decline in imports of cotton by a sharp 77% during the period from January to November 2020 as compared to the same period in 2019 and as such there is no case for an imposition of import duty on cotton.

Shri Manoj Patodia appealed to the Government to withdraw the Basic Customs duty on Cotton in the interest of the textile & clothing sector and its orderly development and especially as India is a cotton surplus country. He further stated that if the Basic Customs duty on Cotton is not withdrawn immediately it will have an adverse impact on employment and investments in the value added textile & clothing sector.