

# TEXPROCIL

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## DECLINING EXPORTS OF COTTON YARN, A MATTER OF DEEP CONCERN

Dr. K.V. Srinivasan, Chairman, TEXPROCIL in a statement today stated that exports Cotton Yarn from India in the first quarter of April-June 2019 have fallen by a steep 33%. From 338 Mn Kgs for the period April-June 2018 to 226 Mn Kgs in April – June 2019.

<b>Export of Cotton Yarn - Quantity</b>			
	2018	2019	% Change
Month	Million KGs	Million KGs	2019/2018
April	107	90	-15.99%
May	111	77	-30.13%
June	120	59	-50.74%
<b>(April-June)</b>	<b>338</b>	<b>226</b>	<b>-33.14%</b>

Source: DGCIS/Ministry of Commerce

Month on month decline from 90 Mn Kgs in April 2019 to 77 Mn Kgs in May to 59 Mn Kgs in June, is a matter of deep concern. In fact, the level of 59 Mn. Kgs is the lowest monthly export in the last five years.

The cotton yarn sector has been one of the pillars of the Indian textile industry and is also highly modernised and technology driven and also provides sustainable income to farmers.

The steep fall has been caused by a variety of reasons including decline in exports to leading export markets like China, Bangladesh, South Korea and the duty free access given for import of cotton yarn by China to countries like Pakistan and Vietnam from 1st April 2019.

Considering the large scale investment in the spinning sector and sluggish demand in the domestic markets, exports are the only avenue to ensure uninterrupted production and capacity utilisation.

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Shri. K. V. Srinivasan pointed out that even though cotton yarn is a value added product, it has been excluded from the export benefits like interest subvention, MEIS and the ROSCTL schemes.

In view of the above the Chairman, Texprocil appealed to the Government to include cotton yarn in the interest subvention scheme and also rebate the embedded taxes like Agricultural Cess, Mandi Tax, Power and Fuel Surcharge which incurred in the production process. The ROSCTL Scheme which rebates these levies should be extended to cotton yarn sector at the earliest.

This will ensure that only products are exported and not taxes. This will also provide the much needed impetus in the context of rising cotton prices & appreciating Rupee which are eroding competitiveness.

Dr. K.V. Srinivasan stated that in case the current trends of declining exports continue in the next quarter, it will lead to closure of several spinning units in the near future, resulting in layoffs.

Date: 31<sup>st</sup> July, 2019