

TEXPROCIL

“Growing uncertainty for exporters of Cotton Textiles”, Chairman TEXPROCIL

As per data released by the Ministry of Commerce & Industry , exports of Cotton textiles touched US\$ 9405 Million during April to February 2019-20 as compared to US\$ 11262 Million in the same period last year registering a negative growth of (-) 16.50% . “The falling exports of Cotton textiles is a matter of deep concern” said Dr. K.V.Srinivasan, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

Within the basket of products, there has been a steep decline in exports of Cotton Yarn by (-) 28.45% during this period. Exports of Cotton Yarn reached US\$ 2547 Million in April – February 2019-20 as compared to US\$ 3559 Million during the same period last year.

Sharp declines were reported in major export markets like China (-51%), Bangladesh (-23%), Vietnam (-18.5%) and South Korea (-28.46%). There has been a consistent decline in exports of Cotton yarn in almost all the months during April-February 2019-20, which has adversely affected the cotton spinning sector”, pointed out Dr. Srinivasan. On the other hand, the growth in exports of cotton fabrics and made-ups has also been marginal at 3.05%.

According to the Chairman, TEXPROCIL, export figures of cotton textiles during March to May 2020 would be very low and insignificant on account of the outbreak of COVID-19 which had led to forced lockdowns in China and other leading markets in the world.

The quick estimates of exports for the month of May released yesterday by the Ministry of Commerce points to a steep decline of (-) 64.55% in exports of Cotton Textiles including Cotton Yarn during the two month period of April - May said Dr. Srinivasan.

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The Chairman further pointed out that buyers in the US and EU, two top destinations for exports, are cancelling orders and many of them are increasingly invoking 'force majeure' clauses within their contracts to halt payments. Buyers of Cotton Yarn are insisting upon a steep price cut by 15 to 20% adding to the problems of the cotton spinning sector.

Since exporters are passing through unprecedented times which they have never faced in the past, Dr. Srinivasan appealed to the Government for policy support. He urged the Government to include Cotton Yarn under the 3% Interest Equalisation Scheme. He also requested the Government to cover Cotton Yarn & Cotton Fabrics under the present RoSCTL Scheme and the much awaited Refund of Duties and Taxes on Export Products (RoDTEP) Scheme.

These schemes, he pointed out reimburse all the duties and taxes which are incurred during the production process and support the maxim of "export of goods and not taxes". It would also enhance the overall competitiveness of the textile industry and give a fillip to India becoming a hub of fabric and yarn production in South/South East to serve both the domestic and export markets.

Chairman, TEXPROCIL also urged the Government to release all the pending claims under the ROSL and RoSCTL Schemes to the exporters of Made-ups and garments.

All these measures will help exporters of Cotton Textiles to survive and sustain in exports which in turn also enable consumption of Cotton which has been procured and stocked by the Cotton Corporation of India in very large quantities.