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Persistent decline in exports of Cotton Yarn – a matter of deep concern – Chairman, TEXPROCIL

Exports of cotton yarn in the first six months of the current fiscal year 2019-20 i.e from April to September 2019 has declined sharply by 38.80%. Exports during this period touched US\$ 1276 million as against US\$ 2086 in the same period in 2018-19. Exports of cotton yarn has registered a negative growth in all the months since April 2019.

“The continuous fall in exports of cotton yarn is a matter of deep concern”, said Dr. K.V. Srinivasan, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL). Exports of cotton yarn to leading markets such as China, Bangladesh, Vietnam, South Korea, Colombia and Turkey have dropped significantly, pointed out Dr. Srinivasan.

Quantity-wise, exports of Cotton yarn has declined every month from 90 million kgs in April 2019 to 67 million kgs in September 2019 which is a very serious situation for the spinning sector. In fact, the export quantity of 59 million kgs in June 2019 was the lowest monthly export in the last five years.

India's Export of Cotton Yarn - Quantity			
	2018	2019	% Change
Month	Million KGs	Million KGs	2019/2018
April	107	90	-15.89%
May	111	77	-30.13%
June	120	59	-50.83%
July	103	60	-41.5%
August	111	68	-38.8%
September	101	67	-33.6%
(April-September)	654	422	-35.4%

Further, exports of value added products such as Fabrics and Made ups have grown only by a marginal 1.87% in the current fiscal year. This combined with a lukewarm domestic demand has further aggravated the situation for the cotton yarn spinning sector, according to the Chairman, TEXPROCIL. Many of the spinning mills are reportedly on the verge of closure which may cause unemployment.

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Cotton Yarn is the only product which has not been granted export benefits such as MEIS & 3% Interest Equalization Scheme. In addition, exporters of Cotton Yarn are at a serious disadvantage vis-a-vis competing countries due to differential Import duties in leading export markets. There is an import duty ranging from 3.5% to 5% on Cotton Yarns imported from India into major markets like China, EU, Turkey and South Korea as against imports from competing nations like Bangladesh, Cambodia, Pakistan, Indonesia and Vietnam which enjoys the benefit of zero duty in these markets.

Cotton Yarn also bears the incidence of State & Central taxes on inputs which are not being rebated as in the case of Made ups & Garments. This has got an adverse impact on its competitiveness in the export markets.

Dr. K.V. Srinivasan said, "Cotton yarn is a value added product with substantial value addition taking place within the country and its exports need to be encouraged. He also pointed out that only about 27% of the total production of cotton yarn are being exported and there will not be any shortage of cotton yarn in country both for export and domestic production if exports increase.

Dr. K.V. Srinivasan appealed to the Government to include Cotton Yarn under the MEIS, 3% Interest Equalization scheme and the ROSCTL (Rebate of State Levies & Taxes) scheme so that exports of cotton yarn can increase and achieve its true potential which in turn will benefit the cotton farmers.

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