

FICCI Textiles Committee meets FM Jaitley

Representation given on proposed revised TUFS, Interest Subvention and Duties on Man-Made Fibre

New Delhi, 01 August, 2015: FICCI Textiles Committee led by Mr Shishir Jaipuria, Chairman of the committee and Ginni Filaments met the Finance Minister Shri Arun Jaitley today to present their key and immediate concerns related to the textiles sector. In its representation submitted to the Finance Minister, Mr. Jaipuria requested for adequate allocation of funds under the TUFS (Technology Upgradation Fund Scheme), consideration of sanctioned loans under the existing TUFS and not the proposed new scheme of TUFS, reducing duties on man-made fibres and restoration of interest subvention for exporters.

FICCI said that the exports of textiles and clothing products from India have increased steadily over the last few years though, India's export performance has been below expectations in the post-quota period. However, looking at the global scenario now where China is vacating space in manufacturing, there is no reason why India, provided it takes the necessary steps, cannot achieve 20% growth in exports over the next decade. To enable the Indian textiles industry to achieve the desired growth, FICCI through this meeting has tried to bring to the fore some important issues of pressing concern to the industry in front of the Government.

Allocation under TUFS: Technology Upgradation Fund Scheme (TUFS) is the flagship scheme of Ministry of Textiles and has been very helpful in promoting investments in the sector. With the exports incentives been rationalized the only support for Indian Textile industry is the TUFS perhaps. However, for the current year, the budget allocation for TUFS has been reduced vis-à-vis last year from Rs. 1840 cr to Rs. 1520 cr. This is grossly inadequate for the sector given the pending and future demands of the industry. FICCI requested the Finance Minister to consider increasing the allocation under the scheme to Rs. 5000 crore.

Proposed Restructured TUFS: Also, industry is apprehensive that under the current review of the TUFS term loans already sanctioned would be considered in the new scheme. This would affect the projects that are in pipeline. FICCI therefore requested that the new scheme whenever formulated and ready for launch should be applicable for new proposals received by the banks thereafter and all sanctioned term loans should be considered under the guidelines of existing TUFS scheme.

Interest Subvention: To increase the competitiveness and accelerate the growth of exports, export finance should be provided at 7% per annum. The interest subvention scheme has played an instrumental role in enhancing the competitiveness of the industry and exports. Restoration of interest subvention will provide boost to the fragile export growth of textile sector.

Excise Duty on Man-Made Fibre: FICCI also submitted to reduce excise duty on man-made fibres to 8% from the current 12.5% to reduce the huge gap between man-made fibres and cotton. The revenue loss on this account would be made up with increased consumption as witnessed in 2008-09 when the excise duty on man-made fibres was 4% .

New Textiles Policy: The draft of the new Textiles Policy as given by Ajay Shankar Expert Committee needs to be announced immediately.

Shri Jaitley assured the industry that he would consider the suggestions. Other members of the FICCI Textiles Committee who joined the delegation were Mr. R C M Reddy, Co- chair, FICCI Textiles

Committee and CEO & MD, IL&FS Education & Technology Services; Mr. B K Goenka, Chairman, Welspun Group; Mr. Harish Ahuja, MD, Shahi Exports; Mr. Virendra Uppal, Chairman, Apparel Export Promotion Council (APEC); Mr Naishadh Parikh, Director, Arvind Limited; Mr. Mukund Choudhary, MD, Spentex Industries Ltd; Mr. Vishal Lohia, Executive Director, Indo Rama Synthetics (I) Limited; Mr. R D Udeshi, President, Reliance Industries Ltd; Mr. Anil Rajvanshi, Sr. Executive Vice President, Reliance Industries Ltd; Mr. Rajeev Gopal, Sr. Executive President, Grasim, Aditya Birla Group and Dr. Arbind Prasad, Director General, FICCI.

Note on pressing issues of Indian Textiles Industry: http://ficci.com/SEdocument/20332/Arun-Jaitley_Enclosure.pdf

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