

# Economic package for textile sector on cards

**Economy Bureau**

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In a bid to reverse the downturn in the textile sector, the government will soon announce another economic package for the industry—with survival rather than a growth stimulus as the focus.

The move comes after the December 7 fiscal stimulus package unveiled by Prime Minister Manmohan Singh had a Rs 1,400 crore allocation for the textile sector's Technology Upgradation Fund Scheme (TUFS).

"The key ingredients of the package may include enhancement of duty draw back rated from 2% to 4% and providing working capital for purchase and storing of cotton at the interest rate of 7% at par agriculture sector, against a margin of 10%, as against 25% applicable now and for a period of 9 months as against 3-4 months applicable currently, union textile minister,



**The new measure are expected to make a significant difference to the entire cotton economy and textile industry**

Shanker Singh Vaghela said at a press conference here on Tuesday.

Vaghela said, the first round of meeting with Prime Minister has taken place last week, the second and final round will be held in January. The new measure are expected to make a significant difference to the

entire cotton economy and textile sector especially whi has otherwise been suffering from unreasonably high MSPs announced by Government which led to increased domestic cotton prices by 20% above international prices and the minimum and enable mills to buy cotton.

On the sidelines of the conference, the joint secretary in the ministry, J.N. Singh said, that earlier, the government had allocated Rs 1400 crore under Technological Upgradation Fund Scheme (TUFS). These measures no doubt will not make a marked improvement at export front this fiscal which has been fixed at 20 per cent more than 20 per cent as against \$ 25 billion last year.

The exports of readymade garments in the current fiscal year (2008-09) are likely to fall 24 per cent short of the \$11.62 billion target and may total up to \$8.78 billion." However, we hope that the domestic textile sector will meet \$ 50 billion as set for the current five year plan," Singh added.

Meanwhile, Cotton Corporation of India (CCI) has procured 4 lakh bales of cotton till October this year. The private players too have started procuring cotton at the MSP at farm gates.