

Textile body demands Rs 3,800-crore subsidy

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RECESSION-HIT domestic textile industry has demanded a Rs 3,800-crore interest subsidy under the Technology Upgradation Fund Scheme (TUFS). The scheme, which has been providing a 5% interest subvention for modernising old textile units for over a decade, is defunct due to paucity of funds.

Several applications are pending under the scheme and the government needs a fund of Rs 2,000 crore to clear this backlog, Confederation of Indian Textile Industries (CITI) secretary general DK Nair said. CITI is an apex industry body for the textile sector.

The confederation, which has submitted its Budget wish-list to the textile ministry, has also asked for service tax exemption and removal of terminal excise duty under the Export Credit Guarantee Corporation (ECGC), he said. The terminal excise duty is charged on machinery procured from the domestic market against ECGC license.

Currently, all these taxes are charged to the exporters but are refundable under the duty drawback scheme (DDS). "There is a huge backlog in these payments because of inadequate budget allocations and systemic complications. Therefore, instead of prolonging the procedure, the government must do away with it," Mr Nair said.

In a pre-budget meeting with textile minister Dayanidhi Maran, textile exporters have demanded an increase in duty drawback rate (DDR) to 14.6% from 8.8%. "Apart from an increase in DDR, we have also requested for 100% exemption of export earnings under Section 80HHC of Income Tax Act and also elimination of fringe benefit tax (FBT)," Matrix Clothing promoter Gautam Nair said.

According to industry players, demand slump in domestic as well as global markets is the main problem they are facing currently. The Industry

WEAVING DEMANDS

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is expecting the government to take requisite measures in order to increase dispensable money in the hands of the consumers.

Orient Craft CEO Sudheer Dhingra said the government should look at reducing the price pressure on the industry, which makes Indian companies uncompetitive, compared with other markets.

"What we need right now is a positive consumer scenario. We would like the government to encourage consumer spending by increasing dispensable income. The positive sentiment set by the government with a growth target of 8 to 10% would definitely help the industry," said Lerros Fashions India CEO Ramprasad Sridharan.

"Policies that promote meaningful private investment, particularly in the largely neglected rural sector, should be an area of focus. The government also needs to lower interest rates, and ease credit," Fabindia director Sunil Chainani said.