

Textiles seek refund of service tax on exports

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THE textiles industry has sought the restoration of facilities to remain competitive in exports, a top industry official said on Sunday.

"In the short term, the textile ministry needed to consider restoration of drawback rates to the levels existing prior to September 2008; issuance of dues pending from The Technology Upgradation Fund Scheme (TUFS) and the refund of service tax on export-related services and accumulated cervat credit on capital goods," Cotton Textiles Export Promotion Council (Texprocil) chair-

man V S Velayutham said.

Duty drawback means rebate of duty paid to import inputs used in manufacturing products for export.

While bringing key issues to the attention of textile minister Dayanidhi Maran, Velayutham also stressed the urgent need to introduce a new Fibre Policy and attend to issues relating to drawback and state levies for which no rebate is available. It must be noted that except India, all other Asian economies have increased their market size and share in textile exports even during this economic slowdown period, Texprocil vice-chairman Manikam Ramaswami

said. India's market share is eroding as it is losing its relative competitiveness steadily. While China has increased its drawback from 12% to 17%, Pakistan has introduced an R&D rebate of 7.5%. Products from Bangladesh enjoy zero duty in the EU, and Vietnam is growing rapidly with cost-competitiveness.

As part of long-term solutions, Ramaswami urged the textile ministry to assist textile exporters build Brand India and Indian brands.

He suggested negotiating a free-trade agreement with the European Union and lower tariffs for textiles in countries with which India

has a negative trade balance. There were suggestions on assisting exporters to fight anti-subsidy duties, and introducing labour reforms. Velayutham said that the textile minister has rightly recognised the potential of the Indian textile sector, which can generate 10 million jobs in the next five years. Within days of assuming his office, the textile minister spelled out his thrust areas to push the industry growth rate to 8-10%, which includes attracting higher investment in technology upgrade to Rs 1,55,000 crore over the next five years and bringing in more FDI.

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