

Foreign Trade Policy Disappoints Textile Industry

New Delhi, 27th August, 2009 – The Foreign Trade Policy for 2009-2014 announced by the Minister for Commerce and Industry on August 27, 2009 is highly disappointing for the textile and clothing industry. In a statement issued here, Shri R. K. Dalmia, Chairman, Confederation of Indian Textile Industry has stated that during the run up to the announcement of the Policy, there have been several statements to the effect that the labour intensive sectors such as textile and clothing will be the focus of the policy. Even in the speech of the Minister while launching the Policy, there are references to “sectors which have been hit hard by recession in developed world” and “special thrust to employment-oriented sectors which have witnessed job losses in the wake of recession especially in the field of textiles, leather, handicrafts, etc.” However, there is nothing in the policy for implementing these objectives.

Shri R.K. Dalmia stated that 17 technical textile products have been included in the focus product scheme. Since many of them are at 4 digit level, a substantial number of products will be covered by these and this is a welcome feature of the Policy. Adding some countries in the Market Linked Focus Product Scheme could have provided some relief to this sector. However, the only products which have been provided incentives for export to these countries are garments, made-ups and knitted fabrics. Countries like Cambodia and Vietnam which have been covered by this facility are among major exporters of garments. They import substantial quantities of yarn and woven fabrics. However, these products have not been extended the benefits except synthetic textile fabrics.

Some of the benefits announced such as 1% additional duty scrips for status holders, zero duty for imports under EPCG Scheme, etc. have been provided only to units which are not taking the benefits under TUFS. Since most textile companies take TUFS, these benefits will be denied to all of them.

It is unfortunate that as in the case of Union Budget presented last month, the Foreign Trade Policy also ends up speaking for the textile and clothing industry but doing very little to actually ensure its survival and growth, concluded Shri R.K. Dalmia.

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