

CITI Welcomes Retention of Optional Excise Duty

New Delhi, 26th February 2010 – Confederation of Indian Textile Industry (CITI), the apex chamber of the textiles and clothing industry has welcomed the retention of optional route for the entire textile value chain in the Budget. Reacting to the budget proposals, Shri Shishir Jaipuria, Chairman CITI stated “the continuation of the exemption route will provide the industry with an opportunity to consolidate the gains of recovery, which the industry has started seeing in the last couple of months” and added “the current juncture is critical, since the recovery in the major overseas markets is fragile and the domestic market is the savior for our industry”. He thanked Thiru. Dayanidhi Maran, the Minister of Textiles for his effective intervention on this matter.

Shri Jaipuria welcomed the allocation of Rs.200 crore for establishing zero discharge facility for Tirupur and stated that this would help to solve a serious problem that the knitwear exporters of Tirupur are facing. “The focus on skill development for T&C industry is another welcome feature of the Budget,” he added.

Referring to the allocation of Rs.2400 crore for TUFs, Shri Jaipuria stated that this amount would only cover the period up to June 2010. “I would request the Minister of Textiles to take up this issue with the Finance Minister and get at least another Rs.1500 crore in the Revised Estimates”.

Shri Jaipuria pointed out that restricting the interest subvention on export credit to the handloom and SME sector would leave a large number of exporters in the textiles and clothing sector without this benefit. “I hope the Minister of Commerce and Industry would pursue this matter, especially considering the export potential and labour intensity of this sector”, he added.

Pointing out that policy inputs are required to correct the mismatch in the fibre consumption pattern between India and the global markets, Shri Jaipuria said that there was a case for reducing the tax burden for man made fibres, as CITI had requested; but the Budget has increased their burden by hiking excise duty on manmade fibres and textile products manufactured from them from 8% to 10%. He requested the Finance Minister to at least revert to the original level. He also requested that the increase in the MAT rate from 15% may be rolled back.

Shri Jaipuria pointed out that some of the general provisions of the budget such as concessions in Income Tax for individuals and increased allocation for social sector schemes would improve the purchasing power of the masses and hoped that the textile sector would be among the beneficiaries of the resulted boom in consumption of consumer goods.

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