

Textile cos want FTP norms for machine imports eased

Say Units Availing Of TUFS Should Be Allowed To Import Duty-Free Capital Goods

Anwesh Koley
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THE textile industry has asked the commerce ministry not to exclude units that availed of funds for modernisation under the Technology Upgradation Fund Scheme (TUFS) from using the new scheme for importing duty-free capital goods. The zero-duty EPCG scheme, announced in this year's foreign trade policy, allows exporters in certain identified sectors, including textiles, to import capital goods at zero duty for personal use.

In a report to the commerce ministry, textile exporters' body, the

Confederation of Indian Textile Industry (CITI), demanded the removal of the exclusion clause in the FTP that bars units availing of benefits under TUFS from accessing the zero-duty EPCG scheme.

The industry has said that since most of the small and medium units, which were suffering the most due the global slowdown, had availed of benefits under TUFS, the exclusion clause will prevent them from taking advantage of the additional benefits offered by the government.

"Most exporting units in the textile and clothing sector have availed of TUFS and, therefore, this benefit under the EPCG scheme will

be specifically denied to a large number of players in this industry," said CITI chairman RK Dalmia.

The report has also opposed the exclusion of TUFS beneficiaries from benefiting from the additional duty-free scrips (1% of the export value) allowed for status holders. This scheme was also announced in the FTP. The scrips are certificates which can be used for importing goods duty-free and are transferable.

Under TUFS, textile units get a 5% rebate on the interest payable on loans for modernisation and technological upgradation. However, the report said that even after TUFS benefits, interest rates for the

Indian textile and clothing industry are higher than those prevailing in most competing countries. Customs duty on import of machines or duty-free scrips for status holders have nothing to do with interest rates on capital. "Linking TUFS benefits with the facilities provided under EPCG scheme and additional duty-free scrips allowed to status holders is not logical," said Mr Dalmia.

The report terms the move as a case of specific discrimination against textile and clothing industry which is not in consonance with the stated objective of helping this labour-intensive sector which has been hit by global economic slump.

