

# Rescue package ready for ailing textile sector

Banks offer ₹35,000 cr; export units to get funds at cheaper rates, enjoy moratorium on old loans

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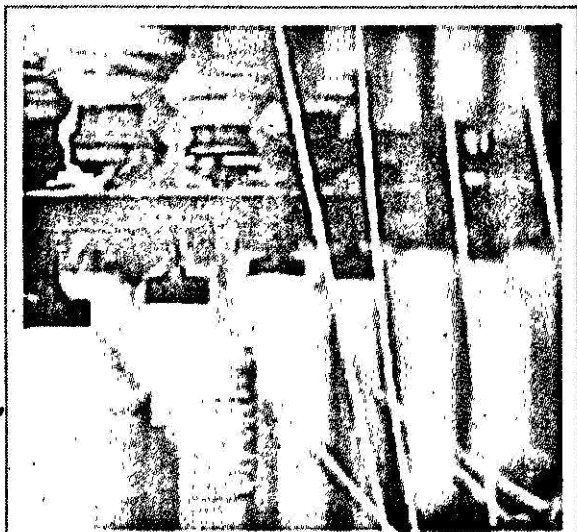
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THE TEXTILE ministry and banks are finalising a rescue package for the textile sector, ailing because demand from traditional markets of Europe and the US has crashed.

The five-year package will include additional funding of Rs 35,000 crore, a moratorium on repayment of existing loans and interest rebates.

According to sources in the ministry, banks have proposed the additional funding which will include working capital of Rs 7,500 crore over five years extending into the 12th plan.

A moratorium on all loans is also proposed in delayed projects. Fresh loans are to be given at the base rate to loss-making units, and the repayment period is to be extended by two or three years. The recommendations are based on an analysis that says demand will revive in the developed markets in 2014. Hence, the extension of the repayment period. The Indian textile industry owes



## Crisis management

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banks Rs 1,71,000 crore.

The analysis report jointly prepared by banks with Bank of Baroda in the lead was submitted to the textile ministry recently. Later, leading banks met ministry officials to explain the rationale of their proposals.

Sources told *Financial*

*Chronicle* that the textile ministry has accepted the recommendations and the matter would now be taken up with the finance ministry. This is required because of the large volume of money involved.