

Textile sector hails Rs 35,000-cr debt restructure package

Our Bureau

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The textile industry has heaved a sigh of relief with the Government giving its nod to the debt restructure proposal.

Welcoming the decision, the Southern India Mills Association Chairman, Mr S. Dinakaran, said that the Rs 35,000-crore debt restructure proposal would give a new lease of life to the ailing industry, particularly in Tamil Nadu and Andhra Pradesh.

He said that a majority of them were small and medium-sized units and in dire straits. "We have been pinning our hopes on the debt restructure package; we knew it was on the cards as the Textile Secretary, Ms Kiran Dhingra, had indicated during her visit here a fortnight ago that the Government was aware of the woes of the textile sector. The long

wait is over," he added.

The total outstanding debt of the textile industry is estimated at Rs 155,809 crore.

"The unprecedented and huge price fluctuation of all fibres from October 2010 followed by demand recession for all textile products from January 2011 in the global and domestic markets has seriously affected the fortunes of the entire textile value chain.

The textile and clothing sector incurred loss of over Rs 11,000 crore due to volatility in cotton and yarn prices. Circumstances compelled us to seek a debt restructure package."

"The Textile Ministry engaged BOB Capital Markets to conduct a study about the industry's requirement. After the presentation at the Inter Ministerial Steering Committee last week, the recommendations were placed before the Finance Ministry on Tuesday," said Mr Dinakaran.