

Textile exports likely to miss target in FY13

**Neha Pal &
Baninkinkar Pattanayak**

New Delhi, June 28: India is unlikely to meet the export target for textiles (\$40.59 billion) for the fiscal year through March 2013, despite the rupee depreciation and export concessions announced in the foreign trade policy, as key markets face slowdown in demand, government and industry sources said.

The textile ministry recently raised the export target for 2012-13 from \$38.31 billion. The country had exported textile products worth \$34 billion in 2011-12, up 26% from a year before, despite the global macro-economic crisis, partly due to a 15% depreciation of the rupee against the dollar.

"Considering the negative export performance so far in the first quarter, it is doubtful if the country can achieve the revised target, which was set in the back-

drop of the foreign trade policy," a senior government official said. "With the proposed India-EU free trade agreement, the situation might improve," he said. Expectations of higher exports intensified after the government, late last month, announced the restructuring of debt worth ₹35,000 crore to bail out cash-starved textile mills that have fallen into a debt trap owing to a sudden fall in product prices after two successive years of relentless rise in raw material costs.

Moreover, under the foreign trade policy announced earlier this month, the commerce ministry extended the zero-duty Export Promotion Credit Guarantee scheme by a year to March 31, 2013. In the case of the apparel sector, the market-linked focus product scheme was extended until the end of the current fiscal for exports to the US and the European Union. Apart from this, a 2% interest sub-

sidy scheme for the labour-intensive readymade garment and knitwear sector has been extended until March 2013.

However, industry executives said the macro-economic crisis in Europe and the US, which account for 65% of India's textiles and garments exports, has hurt demand. Moreover, the textile restructuring plan is yet to be implemented, although the government has initiated steps in this regard.

Apparel exports in the first two months of the current fiscal have declined by 15%, compared with a growth of 20% a year before, according to the Apparel Export Promotion Council.

DK Nair, secretary-general of Confederation of Indian Textiles Industry, said the apparel sector is unlikely to achieve the export target as neighbouring countries like Bangladesh and China have intensified competition.