



NEWS FROM PARLIAMENT

EXPORT OF TEXTILE PRODUCTS

Based on the information given by Minister of State for Textiles in the Lok Sabha on May 14, 2012.

- India produced 54,966 million square meters, 60,333 million square meters and 62,559 million square meters of cloth in 2008-09, 2009-10 and 2010-11 respectively.
- India is the second largest producer of cotton and cotton yarn, fourth largest producer of synthetic fibre yarn, seventh producer of raw wool and largest producer of jute in the world.
- The National Textile Policy of 2000 continues to be in place.
- Cotton and cotton yarn markets have witnessed price stability in 2010-11.
- Details of textile exports are at Annexure-I on page 30.
- The rate of excise duty on synthetic fibres has been raised from 10% to 12% in the Union Budget 2012-13. The Government has received post-Budget representations from chambers of commerce and others to reduce the excise duty on manmade fibres and introduce optional excise duty of 6% to all textile products aimed at a fibre neutral policy. The Government did not make any changes in Finance Bill proposals for 2012-13. ■

Direct selling of dollars to oilcos, issuance of bonds may stem volatility: FIEO Chief

Mr M. Rafeeqe Ahmed, President, FIEO, while commenting on the further decline of the Indian rupee to a fresh all-time low, stated that regional equities and currencies took a hit after Moody's downgraded 16 Spanish banks, and poor US manufacturing data exacerbated worries over the global economy. As a result the dollar pushed higher and was quoted at a fresh record high of Rs 54.90 on May 22, 2012.

The FIEO Chief stated that the RBI has been making efforts to stem excess volatility through deregulating PCFC, increasing interest rates on NRE deposits, and restricting forex retention beyond 50% in the EEFC. However, such measures will not have the intended results as the quantum of dollars that would come through these

measures would be miniscule as compared to the overall requirements. In the case of oil companies, for example, the average daily demand for dollars from state-run oil refiners is around \$400-\$500 million, with demand peaking towards the end of the month when they are supposed to make payments. Apart from the month-end bill payment requirements of oil importing companies, dollar demand is also coming from corporate bodies as they redeem maturing External Commercial Borrowings (ECBs) and Foreign Currency Convertible Bonds (FCCBs).

Mr Ahmed recalled that in 2008/2009 when the rupee showed similar volatility, oil bonds were issued by oil companies and possibly selling dollars directly to the sector could be

more effective in combating volatility. Direct selling of dollars to oil companies will ensure the demand of this sector in the market will be eliminated ensuring better balance between supply and demand of dollar resulting in the arrest of the weakening rupee, said Mr Ahmed. This will help in containing the deficit and inflation as a rupee increase in dollar value add to Rs 9200 crore annual burden on oil companies.

We should also aim to attract dollars, said Mr Ahmed, by bringing attractive bonds on the pattern of Millennium Bonds or Resurgent India Bonds. This way we restrict the demand by direct selling of dollars to oil companies. The twin measures can be helpful in stemming currency volatility, the FIEO Chief added.

Annexure – I

India Export Statistics						
Commodity: Textile & Clothing, Ch50 to 63						
Annual Series: 2008 - 2010, Year To Date: 07/2010 & 07/2011						
Million \$						
Partner Country				Year To Date		
	2008	2009	2010	07/2010	07/2011	% Change
World	23064	21787	27188	15155	18259	20.48
United States	4700	4226	4946	2909	3392	16.6
China	880	868	2325	834	690	-17.31
United Arab Emirates	1667	1625	1798	1047	1233	17.83
United Kingdom	1695	1708	1667	975	1288	32.08
Germany	1556	1604	1528	909	1243	36.79
Bangladesh	610	500	1105	520	683	31.29
France	936	916	810	517	644	24.42
Italy	880	743	778	459	628	36.75
Turkey	462	399	667	405	431	6.44
Spain	643	676	667	416	532	27.92
Pakistan	453	565	657	417	283	-32.12
Netherlands	554	512	523	310	454	46.76
Brazil	353	288	497	296	325	9.9
Belgium	459	386	474	266	391	46.85
Saudi Arabia	435	429	473	271	292	7.75
Sri Lanka	313	307	397	210	298	41.9
Korea, South	200	211	378	239	196	-17.97
Hong Kong	186	218	369	171	172	0.79
Canada	388	358	347	207	263	27.27
Egypt	293	192	338	180	234	29.92
Denmark	275	279	281	172	247	43.1
Malaysia	150	136	279	115	142	24.08
Japan	279	240	261	162	258	59.15
Vietnam	113	102	238	115	99	-14.11
Portugal	164	135	229	132	150	14.04
Indonesia	194	112	228	131	102	-21.78
Afghanistan	152	252	206	106	165	56.02
Australia	179	184	205	106	152	43.24
South Africa	148	169	199	105	136	28.84
Singapore	121	142	192	108	109	0.88
Sweden	176	168	189	117	149	27.91
Iran	99	102	174	95	164	73.24
Mexico	137	110	159	88	125	41.52
Taiwan	92	58	133	63	44	-29.75
Poland	99	90	128	73	119	62.33
Peru	107	75	124	68	99	45.52
Colombia	69	66	115	69	94	36.37
Tanzania	114	100	112	61	59	-2.38
Thailand	99	77	110	72	64	-10.6
Israel	89	77	101	61	60	-1.75
Kenya	78	77	100	58	50	-13.81