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## RESPITE FOR TEXTILES SECTOR

# FM Okays Resetting of ₹35k-cr Loans

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NEW DELHI

The debt-ridden textile sector can look forward to some relief as the government has allowed restructuring of ₹35,000-crore loans.

Following a meeting with Finance Minister Pranab Mukherjee, Textiles Minister Anand Sharma said, "The RBI will now be discussing the restructuring of loans."

Sharma also discussed funding of export incentives that he proposes to announce in the annual Foreign Trade Policy on June 5. The meeting was also attended by commerce secretary and the director general of foreign trade.

According to Sharma, the total debt of the sector has risen to ₹1.5 lakh crore, of which ₹35,000 crore needed immediate restructuring and the government would soon



direct the banks to do the same.

An inter-ministerial committee would be set up soon to help fast-track the restructuring. Further, it was decided that the restructuring package would be on a case-to-case basis and would be taken up by each bank separately.

Though the industry demand for restructuring ₹1-lakh-crore loans was not granted, still vari-

ous sector stakeholders, such as the Apparel Export Promotion Council, welcomed the move.

"This was much-needed and will help the industry to continue giving employment to over 11 million workers and to meet export target of \$17,000 million set for 2012-13," said A Sakthivel, Chairman of AEPC.

More changes could be on the anvil as the finance ministry and the RBI would be considering a 2-year moratorium on term loans, norms on non-performing assets and conversion of depleting working capital into working capital term loans repayable over 3-5 years.

The sector has been hit badly by the global slump, a sharp fall in cotton yarn prices and rise in wages. Besides, textile units have been unable to repay their loans and arrange for working capital due to increases in bank interest rates.

### ALL IS WELL

## No Going Back on Cotton Exports

The government is unlikely to review its decision on allowing cotton exports as domestic prices have remained stable after the export ban was lifted last month and there is no apparent scarcity in the local markets. The group of ministers that lifted the export ban on April 30 was scheduled to meet in three weeks to reassess the situation.