TN CM seeks PM's intervention to ease the plight of spinning industry

Our Bureau
Chennai

Tamil Nadu Chief Minister MK Stalin, on Wednesday, urged the Prime Minister to make three specific interventions to ease the plight of the MSME-led spinning industry.

Stalin urged the Centre to provide financial support for MSMEs in the textile sector under the Emergency Credit Line Guarantee Scheme (ECLGS) by extending the moratorium by one more year. Existing loans under the ECLGS may be restructured, converting them into six-year term loans and fresh loans may be provided under the scheme, reducing the regular banking interest rate.

The second request is to withdraw the 11 per cent import levy on cotton, as it will reduce the production cost significantly.

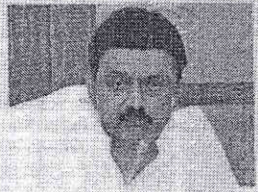
The third is to consider a ban on the export of waste cotton from India temporarily to tide over the shortage of waste cotton being faced by the open-end spinners who fall under the micro-enterprises category but contribute to 35 per cent of the yarn production of the country primarily used in low-end fabrics.

"These measures will go a big way in bringing back employment in the spinning mill sector. I hope you will consider these favourably and expeditiously," Stalin said.

COTTON PRICES

Stalin drew the Prime Minister's attention to the steep increase in cotton prices and its impact on the cost of yarn and fabrics in downstream enterprises.

The spinning sector, with 1,500 spinning mills and around 15 lakh employees, is one of the vital engines of the industrial economy of Tamil Nadu. The combination of high cotton prices, increased operational costs, including bank interest rates and poor demand in domestic and international markets, has plunged the sector into such a severe crisis that the spinning mill association declared a production stoppage from July 15.



Tamil Nadu CM MK Stalin

MSME REHABILITATION

The Government of India has provided short-term loans under ECLGS to revive and rehabilitate MSME units following the Covid-19 pandemic. Now the repayment for loans availed under ECLGS has started, which has become an additional burden on the spinning mills and increases the cost of production.

Another significant price differentiator between India and its competitors internationally is the 11 per cent import duty imposed on cotton in India.

"In my previous letter written on May 16, 2022, on the subject, I requested for extension of the time for the cash credit limit of spinning mills to purchase cotton to eight months from the current three months and for the reduction in margin money sought by the banks to 10 per cent from the 25 per cent of the purchase value. I urge you to consider the compelling need to protect the textile sector (from spinning to fabrics) and the employment avenues generated by it and reiterate my earlier request on the banking front," he said.