

AEPC seeks quantitative restrictions on export of high count cotton yarn

- High cotton yarn prices affecting domestic industry: AEPC

DELHI NCR, 26 March 2021: Apparel Export Promotion Council (AEPC) has sought urgent intervention of Hon'ble Textiles Minister Smt Smriti Zubin Irani for imposing quantitative restrictions and export duty on export of cotton yarn from India.

In a letter to the Hon'ble Minister, AEPC Chairman Dr A Sakthivel said that despite several efforts by the government to reduce the price of cotton yarn, it has consistently increased in the last four months and was affecting the entire value chain.

"We request your kind immediate intervention to increase the supply of yarn to domestic manufacturers. We suggest that quantitative restrictions should be imposed on exports of cotton yarn, specifically on cotton yarn of 26 counts and above," the letter said.

Dr Sakthivel said that the apparel exporters were grateful to the Hon'ble Minister for her continuous support in bringing stability in cotton price and predictability in availability of cotton, which encouraged Cotton Corporation of India (CCI) to reduce the price of cotton to small mill owners. However, this did not result in reduction of cotton yarn prices.

"The rate of increase in yarn prices far exceeds that of cotton prices. The steep increase in prices and unpredictability in availability of yarn means that garment exporters cannot honour commitments they made to their customers. This has also affected handloom and powerloom weavers badly. Looms have stopped production. Due to this, the domestic industry has also got affected adversely," he wrote in the letter.

The Chairman said that the entire country is the loser if yarn is exported at the cost of domestic and export oriented manufacturing industry. It is akin to exporting jobs at a time when the entire country is doing its best to get people back to work, he added.

"We also suggest that export duty should be levied on exports of cotton yarn. This will result in a sharp decline in domestic yarn prices and an increase in value addition and employment in the country. This will also help in increasing garment exports. And, it will result in only normal profits accruing to yarn spinners, not the super normal profit owing to the profiteering currently happening," Dr Sakthivel said.

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