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Title: Need to provide loan to garment sector on easy interest rate.

SHRI C. SIVASAMI (TIRUPPUR): Tirupur knitwear garment exports had recorded the turnover of Rs. 12,500 crores in 2010-2011. Due to recession in US & EU coupled with dyeing units crisis and increasing of interest rates knitwear exports from Tirupur will face a decline of 30% in the current financial year.

Frequent increase in rate of interest by RBI to control inflation has made the banks revise their interest rates. After switching over to the Base Rate system from Benchmark Prime Lending Rate system with effect from 1 July, 2010 the base rates of most of the banks ranging between 7.75% and 8.25% were increased by 75-180 basis points and now the average lending rate in the banking system is 10.5% to 11.5%.

The knitwear exporters in Tirupur are losing competitiveness and due to this, foreign buyers will turn to other countries.

A separate chapter for export sector is required in Monetary Policy and the export sector should be delinked with the base rate system being followed by the banks. The Bank Credit rate give to exporters has to be fixed at 7% as it stands 6% in the competing country China.

I request to extend the benefit of 2% interest subvention provided only to MSME and fee selected knitwear items till March 2011 for further one more year to save the knitwear garments sector.