

# Exporters fear dip in output, says Sitharaman

Increase weekly cash withdrawal limit to ₹5 lakh, say exporters

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Exporters have expressed concern over a possible fall in output over the past week due to the government's demonetisation drive as some have been forced to stop production or reduce capacity due to shortage of cash, said Nirmala Sitharaman, Minister for Commerce and Industry.

Representatives from various export promotion councils, who met Sitharaman on Monday, have asked for an increase in the weekly withdrawal limit of cash to up to ₹5 lakh from the current ₹50,000 to help them pay for their procurement and transportation needs.

"We will send a well-com-



Commerce and Industry Minister Nirmala Sitharaman assured that the problems arising from demonetisation are short term which will be sorted out soon

piled report to the Finance Ministry and pitch for quick remedial solutions," Sitharaman told reporters, adding that she was sure that the Finance Ministry would give it a sympathetic hearing.

The Minister added that it was a short-term problem and would be sorted out soon.

Exporters in labour-intensive sectors such as carpets, handicrafts, textile and engineering goods have been affected the most as they deal more with the unorganised sector.

"The industry concern is broadly three fold. It relates to payment of wages to seasonal

and immigrant workers, transportation of raw material and finished products with absence of cash for the truckers including their support staff, and procurement of raw materials or finished goods from unorganised sectors including farmers," said SC Ralhan from the Federation of Indian Export Organisations.

"Some exporters said that in the medium term, because of the contraction, they have had to close down their units or reduce capacity of production to about 35 per cent to 40 per cent," Sitharaman pointed out.

The government withdrew ₹500 and ₹1000 denomination notes as legal tender from November 8 in a bid to cleanse the economy of black money.

This, however, has led to a cash crunch as the government is struggling to print adequate numbers of new ₹500 and ₹2,000 denomination notes to replace the scrapped ones.