

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:1869
ANSWERED ON:01.08.2003
EXPORT OF MAN-MADE FIBRES
PRABHA RAU

Will the Minister of TEXTILES be pleased to state:

- (a) whether several importers from the USA and the European Union have expanded their activities in India for the import of man-made fibre;
- (b) whether China has so far been monopolising the export of these items and their quantum of exports jumped considerably during the last two years;
- (c) whether the Government propose to bring down the high tariffs with a view to compete with the other textile exporting countries;
- (d) whether the Government have explored the possibilities of increasing its export of man-made fibre items to the USA and other European countries;
- (e) if so, the likely increase expected in the export of these items in the coming years in comparison to the earlier two years;
- (f) whether the Government have negotiated any bilateral agreements with large consumer countries like USA and European Union to provide market access to Indian exporters on a level playing field ;
- (g) if so, the details thereof; and
- (h) the steps have been taken or being taken by the Government to increase the export of man-made fibre ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL (YATNAL))

- (a) The imports of synthetic and re-generated fibre in the country from USA and European Union have registered a growth of 10.3% and 45.6% respectively in 2002-03 as compared to 2001-02.
- (b) According to the information furnished by the Synthetic & Rayon Textiles Export Promotion Council, Mumbai (SRTEPC), though China's volume of man-made fibre textiles exports are comparatively high, the quantum of China's exports of man made fibre textiles did not grow significantly during the last two years.
- (c) The Government has been following a suitable tariff structure for man-made fibre textile items keeping in view its international commitments and also keeping in view the growth and development of domestic industry to meet the global competition.
- (d) SRTEPC has been pursuing its efforts in terms of holding exhibitions/BSMs, conducting market studies, overseas publications, direct mails in order to increase the export of man-made textiles to all countries, including USA and EU. Council's participation in various exhibitions like TIP 9, Belgium, Intertex, Milan, Italy, Texworld Paris, Indian Textile exhibition at Hungary, Czech Republic and Poland in the previous years has resulted a significant growth in the exports. Exports to USA have grown considerably for those items where quota was removed in earlier phases. Since, the export potential of Indian man-made textiles to USA is affected by the quotas, the complete phase out of quota regime by the year 2005 will help Indian exports to grow further.
- (e) The exports of man-made textiles to USA & EU have grown by 76% and 5.34% respectively in 2002-03 as compared to 2001-02, though there was a decline in 2001-02. The Council is aiming to achieve a higher growth rate for USA and EU during 2003-04.
- (f) & (g) In December 1994, India had signed two separate market access textile agreements (called MoUs) with European Union and United States. Under Indo-EU and Indo-US MOUs, market access was to be facilitated through tariff bindings and removal of Quantitative Restrictions. EU was to remove all restrictions on India's exports of handloom products and cottage industries products. In addition, India was to be given exceptional flexibilities in addition to existing flexibilities. The quantum of flexibilities was 7000 tonnes per year for 1995-97 and 8000 tonnes per year for 1998-2004.

As per the Indo-US MOU signed in December 1994, the US had extended the following provisions to India :-

- The specific limit on Cat. 369-0, comprising other cotton made-ups, has been removed.
- The base levels for the categories 218 (yarn Dyed Fabrics); 219 (Duck Fabrics); 313

- (Cotton Sheeting); 342/642 (Cotton & MMF Skirts); 347/348 (Trousers/Slacks & Shorts) and Group II have been increased by 5%.
- Additional 5% quotas have been given for 100% cotton garments made of handloom fabrics in categories 334/634 (Men`s and boys coats) and 351/651 (Pyjamas and nightwear).
 - In certain categories, additional flexibilities viz. swing, Special swings etc. have been provided.
 - All outstanding issues relating to the export of `ghagras` have been resolved.

(h) Government have been taking a number of measures to increase the export of textiles including man-made fibres. Some of the important initiatives are:-

- i) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector.
- ii) Weaving, processing and garment machinery, which are covered under TUFS, have been extended the facility of accelerated depreciation at the rate of 50%. Cost of machinery has also been reduced through Fiscal Policy measures. This further encourages modernisation.
- iii) With a view to encouraging backward integration, the custom duty on shuttleless looms and other important textile machinery items has been brought down to 5%.
- iv) Facilities by way of eco-testing laboratories have been created to enable exporters to get the garments/textiles pre-tested for conforming to the requirements of importing countries.
- v) For upgrading infrastructure facilities at important textile centers, a scheme `Textile Centre Infrastructure Development Scheme (TCIDS) has been launched.