

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:5239

ANSWERED ON:29.04.2005

STAGNATION IN PRODUCTION CAPACITY OF TEXTILES MILLS

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Will the Minister of TEXTILES be pleased to state:

- (a) whether the weaving capacity of the organised mill sector has stagnated;
- (b) whether the Government has made any study to find out the reasons behind such stagnation;
- (c) if so, the details thereof;
- (d) the target set and achievements made for production of cloth during each of the last three years; and
- (e) the steps taken by the Government to enhance the capacity of organised mill sector for production of cloth?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) The weaving capacity of the organised sector mills(composite units and exclusive weaving units) showed a mixed trend during the last three years as can be seen from the table below :-

(`000` Numbers)

Year	2002-03	2003-04	2004-05
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Looms in the organised sector (including exclusive weaving units)	36118	34037	34258
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(b & c) Though the Government has not got done any study to find out the reasons behind such stagnation, the available data indicate that the fall/stagnancy in the weaving capacity is attributed to competition from decentralised weaving sector including powerloom sector and the discriminatory excise duty structure in favour of decentralised sector which prevailed for a very long period. The drastic fall in weaving capacity in 2003-04 is due to closure of 57 composite mills including 35 National Textile Corporation Mills.

(d) The target and achievement of cloth production during the last three years is given below:

(Million Square Meter)

Item	2002-03	2003-04	2004-05
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Target	Achievement	Target	Achievement	Target	Achievement (P)
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Total cloth production	44500	41973	47100	42383	49900	45349
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(e) The steps taken by the Government, in the recent past, to enhance the capacity of the organised mill sector for production of cloth include:-

- Rationalization of excise duty structure to bring organized sector at par with decentralized sector in the Budget 2004-05.
- Coverage of weaving sector under TUFS.

- Concessional import duty of 5% with nil Counter-Vailing Duty (CVD) on import of shuttle less looms.