

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:462
ANSWERED ON:25.11.2005
PROMOTION OF TEXTILE SECTOR
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Will the Minister of TEXTILES be pleased to state:

- (a) whether Indian Textile Industry is lagging behind in competition at the international level;
- (b) if so, the reasons and details thereof; and
- (c) the steps taken by the Government in this regard?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) Export trends after the removal of quota restrictions from 01.01.2005 indicate that Indian textile exports to the major markets have shown a substantial increase. European Union (EU) and the United States (US) account for nearly 60% of India's overall textile exports. The US trade data shows that textile imports from India into US during the period January-August 2005 have recorded a growth of 26.49% as compared to the corresponding period last year. It also shows that the India's growth is higher than that of Pakistan (10.52%) and Bangladesh (20.33%); though it is lower than China's growth (62.08%). Similarly, despite a decrease (4% in value terms) in EU imports, the EU trade data shows a growth (13.9 % in value terms) in imports from India into EU-25 during the period January-August, 2005 as compared to the corresponding period last year.

(c): The Government has been taking a number of steps from time to time to promote textile exports. Some of the important initiatives taken are given as under:-

- i) 100% Foreign Direct Investment is allowed in the textile sector under the automatic route.
- ii) The Government has de-reserved the readymade garments, hosiery and knitwear from the SSI sector.
- iii) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector.
- iv) To improve the productivity and quality of cotton, Government has launched the Technology Mission on Cotton (TMC). Incentives are provided for better farm practices, quality seeds, improvement in market infrastructure and modernisation of ginning & pressing sector.
- v) To provide the industry with world class infrastructure facilities for setting up their textile units, a new scheme namely, Scheme for Integrated Textile Parks' has been launched by merging existing two schemes i.e. Textile Centres Infrastructure Development Scheme (TCIDS) and Apparel Park for Exports Scheme (APES). Govt. of India support under the scheme by way of grant or equity shall be limited to 40% of the project cost subject to a ceiling of Rs. 40 crores.
- vi) 'Apparel Park for Exports Scheme (APES)' was launched with the objective of imparting a focused thrust for setting up apparel units of international standards at potential growth centres, and to give a fillip to exports. Under APES, 12 projects have been sanctioned with an estimated support from Government of India of Rs. 191.70 crores.
- vii) For upgrading infrastructure facilities at important textile centres, the 'Textile Centre Infrastructure Development Scheme (TCIDS)' was launched. Under TCIDS, 18 projects have been sanctioned with an estimated support from Government of India of Rs.270.80 crores.
- viii) The fiscal duty structure has been generally rationalised to achieve growth and maximum value addition within the country. Except for mandatory excise duty on man-made filament yarns and man-made staple fibres, the whole value addition chain has been given an option of excise exemption.
- ix) The import of specified textiles and garment machinery items has been allowed at a concessional rate of customs duty to encourage investments and to make our textile products competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.
- x) For the speedy modernisation of the textile processing sector, Government has introduced, w.e.f 20.4.2005, a credit linked capital

subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

xi) The National Institute for Fashion Technology (NIFT), its seven branches, and the Apparel Training & Design Centres (ATDCs) are running various courses/programmes to meet the skilled manpower requirements of the textile industry, especially apparel, in the field of design, merchandising and marketing.

xii) Facilities like eco-testing laboratories have been created to enable exporters to get garments/textiles pre-tested so that they conform to the requirements of the importing countries.