

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:584

ANSWERED ON:25.11.2005

PROMOTION OF TEXTILE SECTOR

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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government proposes to announce several measures including reduction in import duty on man-made fibre yarn to promote textile sector;
- (b) if so, the details thereof;
- (c) whether the textile sector in the past few years is facing recession; and
- (d) if so, the effective steps to be taken by the Government to promote the textile sector in the country?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a)&(b) The custom duty on import of man-made fibres & yarns including polyester/nylon chips, yarn ,fibre and intermediates of man-made fibres has been reduced from 20% to 15% in the budget 2005-06. The government has also taken the following measures recently for promoting various sectors of textile industry :

(i) The allocation to TUFs has been enhanced to Rs.435 crores, along with an additional capital subsidy of 10% for the processing sector.

(ii) 30 items of textile products and hosiery have been identified for dereservation from Small Scale Industry.

(iii) A cluster development approach has been introduced for uplifting the handloom sector. Bunkar Bima Yojana and 'Health Insurance Scheme have been introduced for the benefit of handloom weavers.

(iv) Excise Duty on polyester Filament Yarn (PFY) and Polyester Texturised Yarn (PTY) has been reduced from 24% to 16%.

(v) Optional CENVAT Scheme has been extended to stand alone Texturising Units at 8% excise duty with CENVAT credit or at nil duty without CENVAT credit.

(vi) Duties on specified textile machinery items , raw materials and spare parts for manufacturing of such machinery has been brought down from 20% to 10%. The existing concessional duty of 5 % on some other machinery is being continued.

(c) The measures taken by the government have accelerated the growth of investment in textile sector and removed recession. It has also helped in reducing the cost of production for maintaining competitiveness of Indian Textiles in the world market.

(d) Does not arise. (Rs.)