

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2497
ANSWERED ON:09.12.2005
EXPORT OF COTTON YARN
Mohite Shri Subodh

Will the Minister of TEXTILES be pleased to state:

-

- (a) whether export of cotton yarn has declined considerably during the last three years and making impact on purchase of cotton;
- (b) if so, the details thereof; and
- (c) the steps Government proposes to take to promote the export of cotton yarn?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) : The export and production of cotton yarn during last three years and the current is given below which shows that there is slight decline in the export but the production is showing an increasing trend : -

(Million kg)

Year>	2002-03	2003-04	2004-05	2005-06	2004-05
	Apr-June				
Export of cotton yarn>	511.08	466.12	416.92	104.46	104.89
Production of cotton yarn>	2177	2121	2272	607	557

The consumption/production of cotton has been increasing. As per Cotton Advisory Board (CAB), cotton consumption by textile units increased from 154 lakh bales in 2002-03 to 180 lakh bales in 2004-05.

(c) : The important measures taken by the Government, from time to time, to promote production and export of textile items including the Cotton Yarn in the country include:-

- To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & Pressing factories.

- The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

- For small scale textile and jute industrial units, Government has enhanced, the rate of Credit Linked Capital Subsidy (CLCS) from 12% to 15% w.e.f. 13.01.05.

- To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in July 2005.

- In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

- To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.
- Government has launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.
- Government has allowed 100% Foreign Direct Investment (FDI) in the textile sector under automatic route.