

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:2248  
ANSWERED ON:10.03.2006  
COTTON EXPORT  
Rao Shri Sambasiva Rayapati

**Will the Minister of TEXTILES be pleased to state:**

- (a) whether India's exports of cotton yarn fabric increased and cotton apparel to the conventionally non-quota markets dropped sharply during April-September, 2005;
- (b) if so, the details thereof;
- (c) whether exports to non-quota markets were 20 per cent lower in the period compared to the corresponding period in the previous year; and
- (d) if so, the main reason for sharp drop and the steps the Government proposes to take to improve the situation?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGO VAN)

(a) Yes Sir, India's exports of cotton yarn, fabric, made ups and cotton apparel to the conventionally non-quota markets dropped during April-September, 2005.

(b) & (c): The export of cotton yarn dropped by 11.53%, cotton fabric dropped by 21.3%, cotton garments dropped by 32.96% where as export of cotton made ups increased by 2.49% during April-September, 2005 compared to the corresponding period of the previous year.

(d) The reasons for drop in the exports include appreciation of the Indian Rupee against US Dollar, shift in demand pattern from raw material/semi finished goods to finished/value added items like processed fabrics and made-ups, steep reduction in the rates of Duty Entitlement Pass Book (DEPB) credit and Duty Drawback for cotton textile items.

The steps taken by the Government to boost the exports of textiles and clothing including cotton items are given in the statement enclosed.

Statement referred to in the parts (d) of the reply to the Lok Sabha Unstarred Question No. 2248 for 10-03-2006

- 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 Technology Mission on Cotton (TMC). The mission comprises four mini-missions, which are being jointly implemented by the Ministry of Agriculture and Ministry of Textiles. One of the important ingredients of the Mission is to improve cotton processing facilities by upgrading/modernizing the existing ginning and pressing facilities and setting up of new market yards/improvement of existing market yards.
- v) Ministry of Textiles has recast the Textile Centres Infrastructure Development Scheme (TCIDS) and Apparel Parks for Exports Scheme (APES) for speeding up the implementation of the Schemes and to actualize the vision of attaining export target of \$50 billion by 2010. This scheme is based on Public – Private Partnership (PPP) and envisages engaging of a professional agency for project execution.
- vi) 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 excise exemption option.
- vii) The imports of specified textiles and garment machinery items has been allowed at 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.

viii) Duty-free imports of 21 items of trimmings and embellishment items are allowed to the garment exporters, upto 3% of their actual export performance during the previous year.

ix) For 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.

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

xi) 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.