

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3680
ANSWERED ON:16.05.2006
SETTING UP OF TEXTILE INDUSTRIES
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Will the Minister of TEXTILES be pleased to state:

- (a) the number of new textile industries set up in the country particularly in Tamil Nadu during the last three years, State-wise; and
(b) the efforts made by the Government to assist in setting up of textile industries?

Answer

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

(a) The state wise number of cotton / man made fibre textile mills set up during the last three years in the country including Tamil Nadu is as follows : -

S.
No. States Non-SSI SSI
2003-04 2004-05 2005-06 2003-04 2004-05 2005-06

1 Andhra Pradesh	3	3	2	0	0	0
2 Dadra Nagar Haveli	1	0	0	0	0	0
3 Gujarat	1	0	0	1	1	0
4 Haryana	1	0	0	4	3	1
5 Himachal Pradesh	0	0	1	0	0	0
6 Karnataka	1	0	0	0	1	0
7 Maharashtra	0	4	2	1	2	1
8 Punjab	3	3	1	1	1	0
9 Rajasthan	1	1	1	0	0	1
10 Tamilnadu	7	8	12	47	21	9
11 Uttaranchal	0	0	1	0	0	0
12 Madhya Pradesh	0	0	0	1	0	0
13 Uttar Pradesh	0	0	0	1	0	0
Total	18	19	20	56	29	12

(b) Through various policy measures taken from time to time, Government has created conducive environment for setting up of the textile units in the country including Tamil Nadu. Certain important measures taken by the Government in this regard include:-

(i) 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).

(ii) 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.

(iii) 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.

(iv) In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty.

(v) 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.

(vi) In the Current Budget (2006-07), with a view to making textile industry more competitive:-

Import duty on raw materials such as DMT, PTA and MEG has been reduced from 15% to 10% and for paraxylene from 5% to 2%.

CENVAT on all man made fibre and yarn has been reduced from 16% to 8% and import duty on all man made fibre and yarns from 15% to 10%.

The peak rate of ad-valorem component of customs duty for all non-agricultural products including textiles has been reduced from 15% to 12.5%.

Special CVD of 4% has been extended to all goods in order to counter balance various internal taxes like sales tax and VAT and to provide a level playing field to indigenous goods which have to bear these taxes. However, fabrics are exempted from this levy.

(vii) Government has allowed 100% Foreign Direct Investment (FDI) in the textile sector under automatic route.

(viii) For speedy modernisation of the textile processing sector, Government has introduced a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(ix) 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.

(x) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

(xi) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.