

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:81
ANSWERED ON:28.11.2006
AMENDMENT OF LAWS FOR TEXTILE SECTOR
Mohite Shri Subodh;Singh Shri Sugrib

Will the Minister of TEXTILES be pleased to state:

- (a) whether the textile sector in the country has not been able to compete internationally in the absence of flexible laws as reported in the Hindustan dated October 3, 2006;
- (b) if so, whether the Government proposes to amend the existing laws particularly labour laws concerning textile sector with a view to making them flexible;
- (c) if so, the details thereof including other steps being taken to make textile sector internationally competitive;
- (d) whether the Group of Ministers (GoM) set up to study various aspects relating to export of textiles has given their recommendations in this regard; and
- (e) if so, the status of their implementation?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.81 FOR ANSWER ON 28.11.2006 REGARDING AMENDMENT OF LAWS FOR TEXTILE SECTOR.

(a): No, Sir. India's textile exports have increased from US\$ 14.03 billion in 2004-05 to US\$ 17.08 billion in 2005-06, recording a growth of 21.8%. As per latest available DGCI&S data, India's textile exports have amounted to US\$ 6.1 billion during the period April-July, 2006 recording a growth of 16.08% in comparison to the corresponding period of previous year. According to Industry Vision (a Study by CRISIL in 2004, on behalf of Indian Cotton Mills Federation), the Indian textile industry has a potential to double the country's share of the global textiles and clothing market by 2010.

(b) to (e) : The Government have constituted a Group of Ministers (GOM) to look into the factors for the growth of textile exports. The GOM is considering various proposals for strengthening the competitiveness of Indian textile industry by critically examining factors of production like raw-material, transaction, labour, power, and machinery and other input costs. The GOM has not finalized its recommendations in the matter.

However, the Government has been taking continuous measures to enhance the competitiveness of the Indian textile industry. Some of the important initiatives taken in this regard are as follows:-

(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 modernization of

ginning and pressing sector.

(v) A new Scheme namely "Scheme for Integrated Textile Parks" has been formulated by merging "Scheme for Apparel Parks for Exports" and "Textile Centre Infrastructure Development Scheme" in order to expand the production base of textile and garment sector. The Scheme envisages to create 25 Textile Parks of international standard at potential growth centres of India by 2007-08.

(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 an option of excise exemption.

(vii) 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.

(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 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.

(x) 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.

(xi) 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.