

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:50
ANSWERED ON:03.12.2004
ABOLITION OF TEXTILE QUOTA REGIME
Subbarayan Shri K.

Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government plan to take up the matter regarding dismantling of quota regime in the international market;
- (b) if so, the likely impact thereof on indigenous textile industry and the cotton growers; and
- (c) the steps taken/propose to be taken by the Government to make the indigenous textile and cotton industry worthy to compete in the world market ?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 50 FOR 03-12-2004

(a) Presently, the exports of textiles to certain developed countries (e.g. US; member countries of EU; Canada) is governed by the Agreement on Textiles and Clothing (ATC) contained in the Final Act of the Uruguay Round negotiations of the GATT. As per ATC, these developed countries can restrain our textile and clothing exports to a certain levels till 31st December 2004. From 1st January 2005, all quotas on international textile trade would be phased out and textile sector will fully integrate into the GATT discipline of World Trade Organisation (WTO). Government's stand in the WTO has been that the quota regime in the international textile trade should be dismantled as per ATC.

(b) The liberalized trading regime would result in increased international trade in textiles thus providing greater export opportunities for the indigenous textile industry. At the same time it will expose the domestic industry to increased competition in the international market. Similarly, the dismantling of textile quotas may also result in increased demand for cotton and provide greater market opportunities to the cotton growers. However, its likely impact on cotton growers would depend on the global supply and demand position of the cotton crop.

(c) To strengthen domestic textile industry, including cotton industry, for meeting the growing global competition, the following important announcements have been made in the Union Budget 2004-05:

- Except for mandatory excise duty on polyester filament yarn including texturised yarn, synthetic and artificial fibres and synthetic and artificial filament yarns, the whole value addition chain including cotton textile and cotton clothing items have been given excise exemption option.

- Additional Excise Duty on Textiles & Textile Articles (AT&T) and Additional Excise Duty (Goods of Special Importance) Act have been abolished.

- Basic customs duty on various textile machinery and spare parts has been reduced to 5%.

Beside, Government has been taking a number of steps from time to time to provide an enabling environment for the Indian textile industry including cotton industry to meet the emerging global competition. Some of the important initiatives taken are:

i) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector.

ii) 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 cotton processing facilities by upgrading/modernizing the existing ginning and pressing facilities and setting up of new market yards/improvement of existing market yards.

iii) The Government has launched a centrally sponsored scheme titled "Apparel Park for Export Scheme" for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres to give fillip to exports.

iv) For upgrading infrastructure facilities at important textile centres, a scheme titled "Textile Centre Infrastructure Development

Scheme" (TCIDS) has been launched.