

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2564
ANSWERED ON:18.03.2005
INVESTMENT IN TEXTILE SECTOR
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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government is aware that over the next 3-4 years, investments in the textile industry needs huge investment;
- (b) if so, the details thereof;
- (c) the steps initiated by the Government to meet the investment target; and
- (d) the details of investments made in the textile industry during the last three years?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) The Indian textile and clothing industry is in a resurgent mood consequent on the abolition of quotas with effect from 1st January 2005. The industry is making vigorous efforts to upgrade its production technology and improve competitiveness in order to face the new challenges and use the opportunities with confidence. As per a study made by Credit Rating Information Services India Limited (CRISIL), commissioned by the Indian Cotton Mills' Federation, the total investment requirement of textile sector is estimated at Rs. 1,40,000 crores over the period 2002-2010.

(c) Various steps taken by the government to meet the investment target include:-

- Launching of the Technology Upgradation Fund Scheme (TUFS) w.e.f. 1.4.1999 to facilitate modernization / technology upgradation of textile and jute sectors. The Finance Minister, in his Budget Speech 2005-06, has announced an allocation of Rs. 435.00 crore for this Scheme for the financial year 2005-06.

- In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and Strengthening of Powerloom Service Centers, Group Workshed Scheme and Credit Linked Capital Subsidy Scheme @ 20% have been introduced. Government has enhanced, w.e.f. 13.01.05, the capital ceiling for machinery from Rs. 60.00 lakh to Rs. 100.00 lakh under 20% capital subsidy scheme for the decentralised powerloom 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 for 23 machinery. Besides, the import of a large no. of textile machinery items continues to be at 5% customs duty.

- In 2005-06 Budget, de-reservation of 30 items of knitting and knitwear has been announced. This would facilitate setting up of large-size modernized units for meeting the international competition.

- Liberal FDI policy has been introduced for attracting investment in the textile sector. The government has allowed foreign equity participation up to 100%, through automatic route with certain exceptions.

(d) Details of investments made in the textile industry during the last three years under the TUFS are as follows:-

(in Rs. crores)

During Investment/Cost of the project

| | |
|-----------|------|
| 2001-2002 | 1900 |
| 2002-2003 | 1835 |
| 2003-2004 | 3356 |

Total 7091

Since the TUFs-related investment is for bench marked technology only, in addition to the above, industry has also made other investments.