

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:67
ANSWERED ON:09.07.2004
COMPETITION FROM CHINA IN TEXTILES
Jagannath Dr. M.

Will the Minister of TEXTILES be pleased to state:

- (a) whether the country's textile industry is facing tough competition from China;
- (b) if so, the steps proposed to be taken by the Government to support the Indian textile industry to enable them to face the challenge;
- (c) the bottlenecks identified by the Government coming in the way of improving the textile production in the country; and
- (d) the time by which the bottlenecks are likely to be removed ?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

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

THE STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 67 FOR 09.07.2004 REGARDING COMPETITION FROM CHINA IN TEXTILES

(a) Yes, Sir. In view of the changing global economic environment, the Indian textile industry is facing competition from many countries including China.

(b) to (d) Technology obsolescence, low productivity, high cost of production, structural anomalies in fiscal duty, high interest rates, inadequate infrastructure facilities, etc. have been some of the bottlenecks adversely affecting the competitiveness of Indian textile industry. Taking note of challenges posed by changing global economic environment, the Government announced the National Textile Policy in November 2000 and taken various initiatives to enhance the competitiveness of Indian textile industry. Some of the important initiatives taken are:

- i) Rationalisation of fiscal duty structure undertaken so as to attract investment and modernisation;
- ii) Launching of the Technology Upgradation Fund Scheme (TUFS) to facilitate the modernisation and upgradation of the sector;
- iii) For accelerating modernization of the powerlooms segment of the textile industry, 20% Capital assistance is available on investment in TUFS compatible specified machinery subject to a ceiling of Rs. 12 lakh on amount of assistance;
- iv) Announcement of a package for restructuring of debt portfolios of potentially viable textile units having debt exposure of Rs 2 crore and above;
- v) De-reservation of the woven segment of readymade garment from the SSI sector. The SSI investment limit for knitted/hosiery segment increased from Rs.1 crore to Rs.5 crore;
- vi) With a view to making textile production competitive, the custom duty on various capital goods brought down from 25% to 5%;
- vii) A centrally sponsored scheme titled `Apparel Park for Export Scheme` launched for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports;
- viii) For upgrading infrastructure facilities at important textile centers, a scheme `Textile Centre Infrastructure Development Scheme` (TCIDS) has also been launched;
- ix) Cotton Technology Mission launched to improve the productivity and quality of cotton;
- x) Imposition of a combination of ad-valorem and specific duty on `whichever is higher basis` on import of a number of textile items to safeguard the interest of domestic industry;
- xi) The facility of accelerated depreciation at the rate of 50% extended to weaving, processing and garment machinery, which are covered under TUFS. Cost of machinery has also been reduced through reduction in customs duty and abolition of excise duty on certain specified machinery items;
- xii) For boosting exports of textile and clothing Government provides financial assistance to Textile Export Promotion Councils under

Marketing Development Assistance (MDA) Scheme;

xiii) Close monitoring of imports on regular basis so as to ensure that imports do not cause any serious detriment or injury to the domestic industry. In case any unfair trade practices come to the notice, action, if necessary, under WTO provisions are taken;

xiv) National Institute for Fashion Technology (NIFT), its six 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;

xv) 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;

xvi) 100% Foreign Direct Investment permitted through automatic route in the textile sector with certain exceptions; and

xvii) Refund of taxes and duties on exports through drawback route.