GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2974
ANSWERED ON:07.12.2001
GARMENT TEXTILES EXPORTS
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Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have reviewed and recently revised the duty drawback rates for textiles exports particularly of garment exports;

(b) if so, the details thereof;

(c) its impact on exports of textiles/garments since the revision of rates, month-wise and quantum-wise;

(d) the response of textiles/garment industry in this regard;

(e) whether textiles/garment exports were hit by the terrorists Aviation attacks in New York and Washington on September 11, 2001; and

(f) if so, to what extent, indicating month-wise data alongwith the measures taken to boost the exports?`

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAYA KUMAR)

(a) : The Government have revised All Industry duty drawback rates/value caps for textile items vide Notification No. 29/2001-Customs(NT)dtd 1st June, 01, Notification No. 30/2001- Customs (NT) dtd 22nd June, 01, Circular No52/2001-Cus dated 4th October, 01 and Notification No. 60/2001-Customs (NT) dated 26th November, 01 during the year 2001-02 for textiles items including garments.

(b) : All Industry duty drawback rates of textile items especially garment items, cotton/man-made/woollen fabrics, handloom and handicraft items were reduced vide Notification dated June 1, 2001. However, the rates in case of garment sector and Madras Handkerchiefs were revised upward and certain more items of apparel were covered for admissibility of drawback rates vide changes made effective from 22.6.2001. The circular of October 4 has revised upward the drawback rates for woollen textile, cotton handlooms, industrial yarn of man-made fibre, cotton floor coverings, etc. The All Industry duty drawback rates in respect of certain textile items of Silk, Cotton grey fabric, man-made fabric, woollen floor coverings and carpets, etc. have been raised w.e.f. 26.11.2001.

(c) to (f) : The exports of textiles/garments have been showing a declining trend from the beginning of the year. During the January-August 2001, textile exports amounted to US$ 7980 million as against the exports of US$ 7665.5 million during the same period of 2000, recording a negative growth of 3.9%. The declining trend is attributed to various factors including reduction in drawback rates but mainly it is because of slow down in the economies of some of the major importing countries such as US. The textile industry was agitated at the initial revision carried out by Notification dated June 1, 2001.

In order to mitigate the adverse effects of the prevailing conditions, Government have taken a number of measures, which include:-

(1) Large additional quantities have been opened for most of the categories under the FCFS/RGE systems of the Quota Policies with a view to providing quotas to the garment and textile exporters on a continuous basis.

(2) In order to reduce transaction costs and time of the exporters, EMD/BG amounts have reduced for certain categories and the date for utilising quotas have been extended. Further, the L/C condition under the FCFS system has also been waived for all such categories which have quantities left over for the rest of the year.

(3) DEPB rates for certain textile products have been rationalised.

Besides, a `Textile Package` was announced in the Budget 2001-02 to strengthen domestic textile industry for meeting the growing global competition. Some of the important provisions of the `Textile Package` are:-

i) Excise duty structure on textile items has been generally rationalised to achieve growth and maximum value addition.

ii) Custom duty has been reduced from 15% to 5% on 159 specified textiles and garment machineries. In addition, 12 important items of machineries including shuttleless looms have also been exempted from countervailing duty. A programme has been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.

iii) Assistance under Technology Upgradation Fund Scheme (TUFS) providing for a reimbursement of 5% out of interest is available to textile industry for modernisation and upgradation. In addition, rate of depreciation allowance for machinery under TUFS has been raised to 50%.

iv) A provision of Rs.10 crores has been earmarked in the Budget 2001-02 for establishment of Apparel Parks for export of garments. Besides a provision of Rs.15 crores has been made for the Scheme for improvement of critical infrastructure facilities at major textile production centres.