

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:5794

ANSWERED ON:03.05.2002

CII- ACCENTURE STUDY ON LOWER PRODUCTIVITY AND TAX STRUCTURE

ANANDRAO ADSUL;IQBAL AHMED SARADGI

Will the Minister of TEXTILES be pleased to state:

- (a) whether textiles, which constitute 20 percent of industrial production and 18 percent of industrial employment, has been losing out in the world market due to lower productivity and distorted tax structure;
- (b) if so, whether the CII-Accenture study on the textile industry has identified fiscal regime, labour laws, entry/exit barriers and high infrastructure costs are the main reasons for the same;
- (c) whether a complete report in this regard was submitted by them to the Union Government;
- (d) if so, the details of the report; and
- (e) the steps taken or being taken by the Government to implement them ?

Answer

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

(a) Textiles which contributed 14% to the industrial production during 2000-01 and 27% to the country's export earnings and is the country's largest employer after agriculture- direct employment being around 35 million people in the same year - reached a total production of cloth in all sectors for the year 2001-02 of (anticipated) 41696 million sq.mtrs. which works out to a 3.66% annual growth in the last 5 years and witnessed an increase of 53% export earning growth in dollar term between 1992-93 and 2000-01.

Thus, it cannot be said that we are losing out on the world market.

(b) to (e) CII-Accenture Study report on Textile Industry in 2 volumes dated February 2002 and April 2002 has been received by the Government. The report has given the viewpoint of CII, as regards the problems facing the textile industry as well as possible remedies including changes in fiscal structure, labour reforms, removal of entry/exit barriers, improvement of market access through bilateral negotiations etc. The Government have taken note of the study report. Recommendations such as those made in the reports as well as suggestions made by other groups such as small scale sector, employees organizations, consumer interest groups etc. are used by the Government as important inputs in formulation of policies and plans.