

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3790

ANSWERED ON:13.12.2002

CONCESSIONS TO HANDLOOM WEAVERS

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Will the Minister of TEXTILES be pleased to state:

- (a) the number of requests received by the Union Government during the last three years, year-wise, from the weavers' cooperative Committees and other organizations to provide more concessions and exemptions to the handloom weavers;
- (b) the reaction of the Government thereto;
- (c) the details of the exemptions/concessions being provided to the handloom weavers at present; and
- (d) the number of handloom weavers benefited by the said concessions/exemptions State-wise and year-wise, as on date?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL (YATNAL))

(a)&(b) Several requests were received by the Government of India seeking exemption from sales tax levied by the State Governments on the inputs used by the handloom sector and/or on handloom products. Since the matter relates to the State Governments, it was taken up with them, but none of the State Governments is known to have agreed to it.

During the current year, several representations were received seeking withdrawal of the excise duty (CENVAT) imposed by the Central Government on cotton and cellulosic spun yarn in plain reel hank form, with effect from the 1st March, 2002. It may be recalled that CENVAT was imposed on hank yarn with a view to preventing the misuse of the facility of duty-exemption which was earlier available for hank yarn, by sectors other than the handloom sector. While imposing CENVAT with effect from 1st March, 2002, it was also announced that the interest of handloom weavers would be protected by formulating a suitable scheme for reimbursing the incidence of excise duty on hank yarn used by handloom weavers. Accordingly, the State Governments were requested on the 1st March, 2002 itself, to designate Apex Handloom Co-operatives/ Corporations or other suitable organizations to procure hank yarn on payment of CENVAT and arrange to distribute the same net of CENVAT to handloom weavers, and claim the incidence of CENVAT borne by those organizations from the Central Government. The National Handloom Development Corporation (NHDC) was also directed to take immediate steps for supply of hank yarn to handloom weavers at prices net of excise duty. Since the handloom weavers were not required to bear the burden of CENVAT on hank yarn used by them, it was not considered necessary to rescind the decision to impose CENVAT on hank yarn.

During the current year requests were also received from the Handloom Export Promotion Council (HEPC) for declaring Karur, Kannur, Madurai and Khekhra as centers of handloom export excellence under Para 3.3 of EXIM Policy. HEPC had also sought enhancement of the drawback rates for cotton handloom durries as well as for restoration of drawback rate for undyed cotton handloom durries. These issues were taken up with the appropriate authorities.

(c) The following fiscal concessions/exemptions are available to the Handloom Sector:-

(1) The following types of yarn when purchased by a registered Handloom Apex Co-operative Society or National/State Handloom Development Corporation are exempt from excise duty:

- (a) Yarn of wool;
- (b) Cotton yarn in cross reel hank form;
- (c) Yarn of certain blends of polyester/cotton, polyester / viscose; and
- (d) Yarn of counts not exceeding 25 of artificial staple fiber supplied in cross reel hanks.

(2) Yarn of upto 2 counts manufactured from cotton wastes on condensor card machine in plain reel hanks, is exempt from excise duty.

(3) The following fabrics produced on handloom and processed by a process house owned by a registered apex handloom co-operative society or a State Handloom Development Corporation are exempt from excise duty:-

(a) Woollen;

(b) Cotton; and

(c) Certain blends of polyester / cotton and polyester viscose.

(4) The woollen fabrics produced on handloom and processed by an Independent processor approved by Government of India are also exempt from excise duty.

(5) The excise duty on cotton fabrics produced on handlooms and processed by an Independent processor approved by Government of India is levied at a concessional rate.

(6) Articles of apparel and made up textile articles made out of handloom fabrics are exempt from excise duty.

(7) Raw wool, imported by a registered Apex Handloom Cooperative society or a State Handloom Development Corporation are levied custom duty at a concessional rate of 5%.

(d) The data on the number of handloom weavers who might have availed of the benefit of the various concessions/ exemptions are not maintained.