GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:5040
ANSWERED ON:20.12.2002
DISMANTLING OF MULTI FIBRE ARRANGEMENT
ASHOK NAMDEORAO MOHOL

Will the Minister of TEXTILES be pleased to state:

(a) whether the Multi Fibre Arrangement would be totally dismantled in the year 2005;

(b) if so, the fact thereof;

(c) the reasons therefor; and

(d) the resultant implications for India in the international trade regime and the policy adopted for increasing the global and domestic competitiveness of the Indian textile industry?

Answer

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

(a) to (c) Till December 31, 1994, the exports of textiles to certain developed countries (e.g. US; member countries of EU; Canada) had been governed by bilateral textile agreements entered into between India and these countries under the aegis of the Multi-Fibre Arrangement (MFA), outside the rules of the General Agreement on Tariffs and Trade (GATT).With effect from January 1, 1995, the quantitative restrictions (import quotas) in the bilateral agreements under the MFA, are being governed by the Agreement on Textiles and Clothing (ATC) contained in the Final Act of the Uruguay Round negotiations of the GATT.Presently, our textiles and clothing items face restraints in USA, European Union and Canada.

As per ATC, the textile quotas would be phased out and textile sector fully integrated into WTO by 1st January 2005.

(d) The market access for our products are expected to increase with dismantling of quotas and to that extent the textile industry will have more opportunities to export. The Government has also taken the following steps to make the industry more competitive:-

i) The Government has de-reserved the woven segment of readymade garment from the SSI sector.It has also raised the SSI investment limit for knitted segment to Rs. 5 crores.

ii) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector.

iii) Weaving, processing and garment machinery, which are covered under TUFS, have been extended the facility of accelerated depreciation at the rate of 50%. Cost of machinery has also been reduced through Fiscal Policy measures.This further encourages modernisation.

iv) With a view to encouraging backward integration, the custom duty on shuttleless looms has been brought from 15% to 5%. A programme has also been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.

v) Foreign equity participation upto 100% through automatic route has been allowed in the textile sector with a few exceptions.

vi) 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.

vii) The Government has launched a centrally sponsored scheme titled `Apparel Park for Export Scheme` 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 been launched.A provision of Rs.15 crores has been made in the B.E. 2002-03 for providing assistance under the scheme.

ix) The Textile Export Promotion Councils have been undertaking promotional measures for boosting exports of textiles to various countries including USA and European countries.