

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2543

ANSWERED ON:09.12.2005

BOOSTING OF TEXTILE SECTOR

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Will the Minister of TEXTILES be pleased to state:

- (a) whether India needs to further enhance the capability and infuse technology in the man-made fibre sector keeping in view the increased consumption of man-made fibre in the world market;
- (b) if so, the details thereof;
- (c) whether India even though a major producer of cotton yarn and fabric, the productivity of cotton as measured by yield has been found to be lower than many countries;
- (d) if so, the details thereof; and
- (e) the steps taken by Government to boost textiles sector in this regard?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) Yes, Sir. The consumption of man-made fibres in India is estimated at 2166.94 million kg. In 2004-05, the production of such fibres was 2124.00 million kg., though installed capacity in the country is 2518.67 million kg.. Due to increase in domestic and world demand for Indian man-made fibres, there is a need to increase the production of man-made fibres in the country.

(c) & (d) Yes, Sir. The productivity of cotton in India is approximately 440 Kgs. per hectare, which is lower than the productivity of cotton in many other cotton producing countries like China, Pakistan and USA, which had productivity levels at 1119, 773 and 958 Kgs. per hectare respectively during 2004-05.

(e) The Government has been taking a number of steps from time to time for accelerated growth of textile sector as given in Annexure-1.

ANNEXURE -1

Measures taken by the Government for development of the textile sector

(i) Cotton development and research programmes like Integrated Cotton Development Programme (ICDP), AICCI have been launched.

(ii) Bacillus Thuringiensis (BT) cotton has been released commercially w.e.f 2002-03 cotton season by Government of India to fight pest resistance being faced by cotton farmers in major qualities of the crop.

(iii) Promoting integrated cotton cultivation (contract farming) involving availability of seeds, pesticides, fertilizers etc. to the farmers for obtaining desired quality of cotton.

(iv) Setting up of a Cotton Technology Mission in February, 2000 with an outlay of Rs. 593 crores to improve the quality of cotton fibre at reasonable cost with a view also to export cotton at competitive prices in comparison to other exporting countries.

(v) Launching of Technology Upgradation Fund Scheme w.e.f. 1.4.1999 to facilitate modernisation and upgradation of textile sector.

(vi) The import of a large number of capital goods of man made fibres/yarns industry has been allowed under concessional customs duty of 5%. Besides the cost of machinery has also been reduced through fiscal policy measures. Except for mandatory excise duty on man made filament yarns and man made staple fibres, the whole value addition chain has been given excise exemption option.

(vii) 100% foreign direct investment is allowed in textile sector under the automatic route.

(viii) The Government has derecognised the readymade garments, hosiery and knitwear from the SSI sector.

(ix) With the objective of imparting a focussed thrust to set up apparel units of international standards and upgrading infrastructure facilities at important textile centres, the Government had launched the Apparel Park for Exports Scheme (APES), and Textile Centre Infrastructure Development Scheme (TCIDS). However, after reviewing the implementation of these two schemes, a new scheme, namely, Scheme for Integrated Textile Parks has been launched by merging the two schemes. This scheme is based on Public-Private Partnership (PPP), and would equip the industry with world class infrastructure facilities for setting up their textile units to meet international environmental and social standards. Government of India support under the scheme by way of grant or equity shall be limited to 40% of the project cost, subject to a ceiling of Rs. 40 crore.

(x) In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and Strengthening of Powerloom Service Centers, Group Workshop Scheme and Credit Linked Capital Subsidy Scheme @ 20% have been introduced.

(xi) To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down to 10% except 23 items of machinery appearing in List 49 which attract Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.

(xii) The Government launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

(xiii) The National Institute of Fashion Technology (NIFT) has been set up to provide leadership and sensitize the Textile Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.