

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3901
ANSWERED ON:19.12.2006
COMPETITION WITH SMALL COUNTRIES
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Will the Minister of TEXTILES be pleased to state:

- (a) whether small countries like Indonesia, Cambodia, Vietnam and Pakistan etc. are giving big fight to India in textile sector;
- (b) if so, the details of textiles export during each of the last three years as compared to small neighbouring countries;
- (c) whether the Government has identified the factors responsible for the growth of textile sector;
- (d) if so, the details thereof and action taken thereto; and
- (e) the strategy formulated by the Government to face such challenges?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGO VAN)

(a) :Yes Sir.

(b) :The details of textile and clothing exports during the last three years are given below:-

(Value in US\$ Million)

Country	Year		Year		Year	
	2003	2004	2005	2003	2004	2005
	Textile	Clothing	Textile	Clothing	Textile	Clothing

India	6846	6625	7009	6632	7850	8290
Indonesia	2923	4105	3152	4454	3447	5106
Cambodia	1600	1981	2199			
Vietnam	473	3467	534	4441	4805	
Pakistan	5811	2710	6125	3026	7087	3604
Bangladesh	128	4912	204	5686	221	6418
Sri Lanka	161	2513	149	2776	136	2877
Nepal	107	226				

Source: World Trade Organization.

(c) to (e):The liberalized trading regime would result in increased international trade in textile and clothing thus providing greater export opportunities for the indigenous textile and clothing industry. At the same time, it will expose the domestic industry to increased competition in the international market. The industry will have to improve its efficiency and productivity to meet the emerging global competition.

In order to strengthen the Indian textile industry to meet the emerging global competition, Government has been taking a series of measures which, inter-alia, include:

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & Pressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

(iii) For speedy modernisation of the textile processing sector, Government has introduced w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) For small scale textile and jute industrial units, Government has enhanced, the rate of Credit Linked Capital Subsidy (CLCS) from 12% to 15% w.e.f. 13.01.05.

(v) In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and Strengthening of Powerloom Service Centers, Group Workshed Scheme and Credit Linked Capital Subsidy Scheme @ 20% have been introduced. Also, the Government has enhanced, w.e.f. 13.01.05, the capital ceiling for machinery from Rs. 60.00 lakh to Rs. 100.00 lakh under 20% capital subsidy scheme-TUFS.

(vi) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in August 2005.

(vii) In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(viii) 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 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.

(ix) In 2005-06 Budget, 30 items of knitting and knitwear have been de-reserved. This would facilitate setting up of large sized modernized units for meeting the international competition.

(x) In the Budget 2006-07 the following announcements for the textile sector has been made:-

Reduction in the excise duty on all man-made fibre yarn and filament yarn from 16 per cent to 8 per cent.

Reduction in the import duty on all man-made fibres and yarns from 15 per cent to 10 per cent.

Reduction in the import duty on raw materials such as DMT, PTA and MEG be from 15 per cent to 10 per cent.

Enhancing the allocation from Rs.435 crore to Rs.535 crore for the year 2006-07.

Enhancement in the provision for the handloom sector from Rs.195 crore to Rs.241 crore for the year 2006-07.

Provision of Rs.189 crore during 2006-07 for the Scheme for Integrated Textiles Parks (SITP)

Launching of the Jute Technology Mission in 2006-07 to harness the potential of the golden fibre along with establishment of a National Jute Board.

(xi) Government has 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.

(xii) In order to cater to the growing skilled manpower requirements at shop floor level, Government is providing assistance for strengthening existing and opening new Apparel Training and Design Centres (ATDCs).

(xiii) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

(xiv) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

(xv) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the 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.

(xvi) To take a serious look at Fashion Education in the changing business context of the opening up of World Economies, Government is taking steps for:-

Establishing an institution of National Excellence for imparting Fashion Business Education with International Benchmarking.

appointing a nodal agency for standardizing and benchmarking Fashion Business Education in the country.

Setting up an Apex Body to train the teachers / trainers imparting Fashion Business Education in the country.