

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:708

ANSWERED ON:04.03.2005

MAKING COTTON CHAIN EXCISE FREE

Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Rao Shri Sambasiva Rayapati;Vijay Krishna Shri

**Will the Minister of TEXTILES be pleased to state:**

- (a) Whether the Government has fixed any target for export of textiles by 2010 after post quota regime;
- (b) if so, the details thereof;
- (c) whether the Government propose to lower the custom and excise duty on the entire cotton chain;
- (d) if so, the details thereof;
- (e) whether India has missed the opportunities of new capacities earlier during quota regime;
- (f) if so, the reasons therefor; and
- (g) the steps taken by the Government to meet the challenges in textile sector from other countries?

**Answer**

MINISTER OF TEXTILES ( SHRI SHANKERSINH VAGHELA )

(a)&(b) The National Textile Policy-2000 makes a vision statement to achieve textile and apparel exports of US \$ 50 billion by 2010. However, the textile export targets are fixed on year to year basis, keeping in view the most recent export trends and potential for future growth in different textile sub-sectors. For the year 2004-05, the textile export target has been fixed at US\$ 15.2 billion.

(c)&(d) The excise duty structure for cotton textile items has already been rationalised considerably. All textile goods, except for mandatory excise duty on polyester filament yarn, synthetic and artificial fibres and synthetic and artificial filament yarns, have been exempted from excise duty subject to non availment of CENVAT credit. This exemption is optional. For those opting for to pay duty, the rates of excise duty are:

- (i) 4% for all textile goods made of pure cotton, not containing any other textile materials;
- (ii) 8% in respect of all other textile goods.

(e)&(f) India's textile exports to the major importing countries (United States, European Union, Canada) had been circumscribed by the annual quota limits placed by these countries under the erstwhile quota regime, which has had an adverse impact on flow of investments in India's textile sector. As the date for the final integration of quota restrictions started approaching, encouraged with the Government's initiatives, the industry has taken definitive steps by making considerable investments to restructure the industry through modernisation and expansion of capacities.

(g) Government has been taking a number of steps from time to time to strengthen the Indian textile industry to meet the emerging global competition. Some of the important initiatives taken are:

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

ii) The imports of specified textiles and garment machinery items has been allowed at concessional rate of customs duty to encourage investments and to make our textile products competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.

iii) To improve the productivity and quality of cotton, Government has launched Technology Mission on Cotton (TMC). The mission comprises four mini-missions, which are being jointly implemented by the Ministry of Agriculture and Ministry of Textiles. One of the important ingredients of the Mission is to cotton processing facilities by upgrading/modernizing the existing ginning and pressing facilities and setting up of new market yards/improvement of existing market yards.

iv) 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 to give fillip to exports.

v) For upgrading infrastructure facilities at important textile centres, a scheme titled "Textile Centre Infrastructure Development Scheme" (TCIDS) has been launched.

vi) The fiscal duty structure has been rationalised to achieve growth and maximum value addition. Except for mandatory excise duty on polyester filament yarn, synthetic and artificial fibres and synthetic and artificial filament yarns, the whole value addition chain including cotton textile and cotton clothing items have been given excise exemption option. Additional Excise Duty on Textiles & Textile Articles (AT&T) and Additional Excise Duty (Goods of Special Importance) Act have been abolished.

vii) 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. In the Union Budget 2005-06, an announcement has been made for de-reservation of 30 hosiery items from the SSI.

viii) 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.

ix) Facilities by way of eco-testing laboratories have been created to enable exporters to get the garments/textiles pre-tested for conforming to the requirements of importing countries.