

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:795

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EFFECTS OF CONSTRAINTS IMPOSED BY WTO ON TEXTILE INDUSTRY

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Will the Minister of TEXTILES be pleased to state:

(a) whether China and Pakistan poses threat to Indian Textile Industry after lifting of quantitative restrictions on Textiles and readymade garments amongst the member countries of World Trade Organisation;

(b) if so, whether any concrete action plan has been formulated by the Government for Indian Textile Industry to compete in the International market;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) The free global trading regime would result in increased international trade in textiles thus providing greater export opportunities for the indigenous textile industry. According to recent international studies, the foreign buyers who are heavily dependent on China are also keen to find alternate reliable source of supply in the region (India followed by Pakistan) to ensure growth of their business.

India's exports in the post quota regime would be driven by value added made-ups & apparels as India has comparative advantages over its competitors in relation to: (i) availability of relatively inexpensive and skilled workforce (ii) design expertise (iii) presence across the entire value chain and (iv) large production base of basic raw materials.

(b) to (d) 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.