

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:856  
ANSWERED ON:04.03.2005  
FOREIGN ASSISTANCE IN TEXTILE SECTOR  
Adsul Shri Anandrao Vithoba

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

- (a) whether the Government proposes foreign investments/assistance in textile sector after the scrapping of import quota;
- (b) if so, the details thereof including names of the countries;
- (c) the names of the competing countries in Textile sector;
- (d) the strategy by which the Government proposes to protect the textile sector keeping in view of tough competition in international market; and
- (e) if so, the details thereof?

**Answer**

MINISTER OF TEXTILES ( SHRI SHANKERSINH VAGHELA )

(a)&(b) Foreign Direct Investment (FDI) is already permitted through automatic route in textile sector. Considering the intrinsic strength of the textile industry in terms of large multi-fibre raw material base, availability of abundant low cost skilled work force and presence across the entire value chain of the textiles and apparel industry, the foreign companies/individuals are expected to invest more in the textile industry in quota free regime.

(c) The major competitor countries of India in the global textile market are China, Pakistan, Sri Lanka, Bangladesh, Turkey, South Korea, Hong Kong and Brazil.

(d) & (e) 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 generally 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.