

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:4832
ANSWERED ON:26.04.2010
SCHEMES TO PROMOTE HANDLOOM EXPORTS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the details regarding Focus Product Scheme (FPS) for promotion of export of products;
- (b) whether duty free credit facility @ 1.25 percent has been allowed to handloom products under this scheme;
- (c) if so, the details thereof;
- (d) whether the Government proposes to provide an incentive of 5 percent on the Free on Board (FoB) value in the handloom goods exports;
- (e) if so, the details thereof; and
- (f) the details regarding special incentives being provided to promote the decentralized labour intensive handloom sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a), (b) & (c) : In the Focus Product Scheme (FPS) under the Foreign Trade Policy 2009-14, incentives have been allowed for promotion of export of a large number of products/sectors including handloom sector. The objective of the Scheme; details of the products/sectors covered, and of the incentives are as at Annexure 'A'.

(d), (e) & (f): Presently, the incentive to the handloom sector under FPS is being allowed at the rate of 2% of the FOB value of exports, which has been increased from earlier rate of 1.25% with effect from 27.8.2009. The details regarding special incentives to the handloom sector are as at Annexure 'B'.

Annexure 'A' referred to in reply to Lok Sabha Unstarred Question No. 4832 (for answer on 26.04.2010)

Schemes to Promote Handloom Exports

Focus Product Scheme (FPS)

1. Objective is to incentivise export of such products which have high employment intensity/employment potential, so as to offset infrastructure inefficiencies and other associated costs involved in marketing of these products.
2. Exports of notified products (as in Appendix 37D of HBP v1) to all countries (including SEZ units) are entitled for Duty Credit scrip equivalent to 2% of FOB value of exports (in free foreign exchange) from 27.8.2009 onwards. Earlier, the incentive was @ 1.25% of FOB value of exports.

3. Special Focus Products / Sectors are entitled for Duty Credit scrip equivalent to 5% of the FOB value of exports.

4. At present, wide range of products/sectors including Value added leather products and leather footwear; Fire works and stationery items; Value added coir products; handloom products, Silk and silk fabrics; Technical textiles; Electronic products; Engineering products including bicycle parts and Agricultural tractors; Plastic products; Glass and glassware; Jute and sisal products; Green technology products like wind-mills and electrically operated vehicles, etc. are covered in FPS, and are entitled for Duty Credit scrip @ 2% of FOB value of exports.

Particularly, export of handloom items covered under 31 ITC HS Code in FPS, covering a wide range of hand-woven products like fabrics, sarees, dhotis, sheetings, lunghis, real madras handkerchiefs, rugs and mats, druggets, durries, shawls, scarves, mufflers, bed-linen, toilet and kitchen linen, terry fabrics and terry toweling, bed-sheets, table cloths, furnishing articles and other made-up items, garments etc., are entitled for the benefit under the Scheme @ 2% of FOB value of exports.

5. Further, Toys and sports goods, all handicraft items, handmade carpets and textile floor coverings, bicycles, hand tools, nuts and bolts, sewing machines and parts, staplers, Liquid Pumps etc., have been categorized as special focus products under the FPS, and are entitled for Duty Credit scrip @ 5% of FOB value of exports.

6. A variant under FPS is Market Linked Focus Product Scheme, the objective of which is to promote export of products/sectors of high export intensity/employment potential, (which are not covered under the FPS list) in specified linked markets (which are not covered in the Focus Market Scheme list). Presently, major products/sectors included are Engineering products like Machine Tools, Earth moving equipments, Transmission towers, Electrical and Power Equipments, Steel Tubes, pipes and galvanized sheets, Compressors, Iron and Steel Structures; Scaffoldings; vulcanized rubber items; Sanitary and Cutlery items; Padlocks, Hinges;

Medical, Surgical furniture etc.; Pharma products; Dyes, Paints, Soaps, Waxes, Polishes etc.; Photographic and Cinematographic goods; Value added plastic goods; Value added rubber goods; Printed books, Maps, Journals; Electronic items; Glass products; Synthetic textile fabrics, cotton woven fabrics, readymade garments, knitted and crocheted fabrics and made ups etc. Exports of these products/sectors to 15 linked markets, viz., Algeria, Egypt, Kenya, Nigeria, South Africa, Tanzania, Ukraine, Brazil, Mexico, Australia, New Zealand, Cambodia, Vietnam, Japan and China are incentivized in the form of Duty Credit scrip @ 2% of FOB value of exports. In addition to this, export of Chemicals to these 15 countries have been included for benefit for a limited period of 6 months from 1.1.2010 to 30.6.2010, and export of readymade garments, in addition to the above mentioned 15 countries, have also been incentivised to EU and USA also for a limited period of 6 months from 1.4.2010 to 30.9.2010. Further, export of auto components is also eligible for incentive on export to some additional countries, i.e., Korea RP, Iran and Russia. Likewise, export of motor cars is eligible for incentive on exports to some additional countries, i.e., Bahrain, Bangladesh, Kuwait, Pakistan, Philippines, Saudi Arabia, Singapore, Russia, Turkey and UAE; export of chassis for motor cars is eligible for incentive on exports to additional countries, i.e., Dubai, Qatar, Oman, Singapore, Saudi Arabia, Kuwait and UAE; and export of Motor cycles is also eligible for incentive on exports to additional countries, i.e., Indonesia and Singapore.

7. Other details of the Schemes, and of the 31 ITC HS Codes are available at website <http://dgft.gov.in>

Annexure 'B' referred to in reply to Lok Sabha Unstarred Question No. 4832 (for answer on 26.04.2010)

Schemes to Promote Handloom Exports

Special Incentives to the Handloom Sector

1. Status holders belonging to the handloom sector (which is a part of the textile sector) are eligible for additional Duty Credit Scrip @ 1% of the FOB value of past exports. However, those exporters who are availing Technology Upgradation Fund (TUF) benefits (under the Ministry of Textiles) during a particular year are not eligible for this benefit for exports of that year. This Duty Credit Scrips can be used for procurement of capital goods with actual user condition. This facility is available upto 31.3.2011.
 2. Benefit of 2% Interest Subvention has been allowed.
 3. Handloom sector, which is a part of the textile sector (excluding units availing benefits under TUFs), is eligible for benefits under Zero Duty EPCG Scheme, which allows import of capital goods for pre-production, production and post-production at zero customs duty subject to stipulated conditions.
 4. The threshold limit in the case of new towns of export excellence in the handloom sector is Rs. 150 crore as against the normal threshold limit of Rs. 750 crore.
 5. Export of all handloom products to notified 110 countries under Focus Market Scheme in the Foreign Trade Policy 2009-14 is entitled to Duty Credit Scrip incentive @ 3% of FOB value of export.
- The details of the Schemes are available at website <http://dgft.gov.in>