

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:2678  
ANSWERED ON:11.03.2011  
CRISIS IN BANARASI SAREE INDUSTRY  
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**Will the Minister of TEXTILES be pleased to state:**

- (a) whether the Banarasi sarees industry in the country including Varanasi is facing threat from the Chinese silk industry and that many looms are at the verge of closure;
- (b) if so, the details thereof; and
- (c) the remedial measures taken/proposed to be taken in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SMT. PANABAACA LAKSHMI)

(a) to (c): No Madam. However, weavers of Banarasi sarees of Varanasi were till recently facing tough competition with the imported silk fabric mainly from China due to lower import duty on silk fabric and higher import duty on raw silk. The imported raw silk was taxed at 30% as against imported silk fabric which was taxed at 10%. In order to mitigate the problem of the weavers, the Ministry of Textiles took up the matter with Ministry of Finance for reduction in the existing basic customs duty on raw silk from present 30% to 5% to correct the inverted duty structure and reduce the prices of silk yarn in the country. Hon'ble Finance Minister has reduced the basic customs duty on raw silk from 30% to 5% in the Annual Budget of 2011-12. Now the effective duty on raw silk would be 5.15% and 24.14% on silk fabric. This reduction in import duty will bring down the prices of raw silk and stabilize the prices of both domestic and imported raw silk.

Further, to promote the Handloom Sector, the Government of India has taken a number of new initiatives such as training programmes for skill up-gradation and technical development, aggressive marketing efforts, and by taking unique social security measures like providing Health Insurance and Life Insurance to the weavers and their families. During the XI Plan period the Government of India is implementing following schemes:

1. Integrated Handlooms Development Scheme (IHDS)
2. Handloom Weavers' Comprehensive Welfare Scheme (HWCWS)-comprises of two components: (a) Health Insurance Scheme; (b) Mahatma Gandhi Bunkar Bima Yojana.
3. Marketing and Export Promotion Scheme (MEPS)
4. Mill Gate Price Scheme (MGPS)
5. Diversified Handloom Development Scheme(DHDS)

In addition, Comprehensive Handloom Cluster Development Scheme(CHCDS) has been introduced in 2008-09 with an objective to empower handloom weavers and build their capacity to enhance competitiveness of their products in the domestic as well as global market in a sustainable and reliant manner. The scheme covers clearly identifiable geographical locations with at least 25,000 looms in which Government of India's financial support would be up to Rs.70 crore. Four such Mega Handloom Clusters have been sanctioned so far out of which one is at Varanasi (Uttar Pradesh). Under Integrated Handloom development Scheme, 11 cluster projects and 23 Group Approach Projects have been sanctioned in Varanasi.