

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:7230
ANSWERED ON:21.05.2012
TEXTILE INDUSTRY
Tewari Shri Manish

Will the Minister of TEXTILES be pleased to state:

- (a) whether the number of companies defaulting in making payment to banks has gone up during the last three years and if so, the details thereof;
- (b) whether draw back benefits given to textile industry have been reduced sharply over last few years as given by the other countries like China, Pakistan and Bangladesh to their domestic textile industries;
- (c) if so, the details thereof;
- (d) whether uncertainty over raw material prices and infrastructures constraints are making Indian textile companies less competitive in a recessionary global market;
- (e) if so, the details thereof;
- (f) whether the Asian leading textile producing countries have increased their market share during the economic slowdown as compared to Indian textile producer; and
- (g) if so, the comparative details thereof alongwith steps taken by the Government in this regard?

Answer

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

(a): No, Madam. However the financial stress of the textile industry has a negative impact on the banking system, as banks have lent fund based credit of Rs. 155809 crores. The textile sector constitutes 8% (at the end of third quarter of financial year 2011) of the total restructured assets across banks. In addition, it constitutes Rs. 11370 crores of the total quantum of loans under the CDR mechanism.

(b) & (c): Duty drawback rates are determined by Government every year based on recommendation of the the All India Duty Drawback Committee. The drawback rates of China, Pakistan and Bangladesh are not compiled by Government.

(d) & (e): No, Madam. Indian Textiles mills have access to the cheapest cotton in the world. India is relatively cost competitive in terms of material cost for products that use domestically manufactured fabric. In both Men's cotton Chinos and cotton T-Shirts it has the second lowest material costs per garment when fabric, cotton, trims, labels and packaging material are sourced locally. For men's Chino's India's material cost per garment is \$ 4.119, next only to Pakistan (\$4.016) and 7% cheaper than China, 11% cheaper than Bangladesh, and 13% lower than Cambodia. For cotton knit T-shirts, India's material cost per garment (\$ 0.87) is 9% lower than China, 10% lower than Bangladesh and Cambodia, and 4% higher than Pakistan.

(f): The details of exports value alongwith markets share of leading Asian textile producing countries as well as of India during 2008 and 2009 are at Annexure-I.

(g): In order to strengthen export of textile items including apparel and garments and get higher market share in America and European countries, the Government has granted incentives under various provisions of the Foreign Trade Policy 2009-14. This includes incentives for exports to focus markets and exports of focus products, extension Duty Entitlement Pass book Scheme; interest subvention on pre-shipment credit, duty free import of trimmings etc. required by garmenting industry and duty free import of tools by the handicraft industry. This apart, financial assistance is being provided to the exporters under the Market Development Assistance Scheme and the Market Access Initiative Scheme for enhancing share in existing markets and for exploring new markets. Steps taken by Government to improve the textiles export during the next year include easing infrastructural bottlenecks for export promotion, improving competitiveness of Indian textiles export, region specific approaches for export promotion and creating facilities for social and environmental compliance for the exports sector.