

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:5243
ANSWERED ON:14.08.2014
TEXTILE EXPORT TO USA
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Will the Minister of TEXTILES be pleased to state:

- (a) the comparative share of India and China in the imports by the United States of America (USA) in respect of special purpose fabric, technical textiles and non-woven fabric;
- (b) the steps taken/being taken by the Government to increase the Indian share in the exports to the USA;
- (c) whether the Government has formulated any comprehensive research and development policy so as to face competition from China; and
- (d) if so, the details thereof along with the steps taken/being taken by the Government to enhance the countrys capabilities to tap this growing market?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF TEXTILES (SHRI SANTOSH KUMAR GANGWAR)

(a): The details regarding share of India and China in the imports by United States of America (USA) in respect of special purpose fabric and non-woven fabrics for the year Calendar years 2012 & 2013 are given below:

(i) SPECIAL PURPOSE FABRIC

2012 2013

Value in % share Value in % share
Million US\$, Million US\$,

CHINA 259.076
21.04 281.434 22.20

INDIA 17.251 1.40 17.70 1.40

Total import of special purpose fabric by US were US\$ 1231.25 million in 2012 and US\$ 1267.68 million in 2013.

(ii) NON-WOVEN FABRICS

2012 2013

Value in % share Value in % share
Million US\$, Million US\$,

CHINA 173.204 17.08 201.918 18.02

INDIA 35.192 3.47 33.210 2.96

The total import of non-woven fabrics by US in 2012 were US\$ 1013.91 million and in 2013, they were US\$ 1120.64 million.
(Source: Office of Textiles and Apparel (OTEXA), USA <http://otexa.ita.doc.gov/>)

(b): Ministry of Textiles, Government of India, is promoting & encouraging the growth & development of Technical Textiles in India and exports of technical textiles through various schemes & policy initiatives and the details are attached as Annex-I.

(c) & (d): The Ministry of Textiles has been encouraging Research and Development in the textiles sector in general and in the technical textiles segments in particular. As part of this effort the Ministry operates an R&D scheme open to various Govt. approved R&D institutions like IITs, Textiles Research Associations, Govt. aided institutions, recognized engineering colleges etc. where funding under the scheme ranging from 75% to 100% of the approved R&D projects is provided with focus on industry relevance of R&D projects and commercial adoption of the outcomes. Further, under the Technology Mission on Technical Textiles (TMTT) 8 Centres of Excellence (CoEs) for different technical textiles segments have been created, who besides being one stop shop for that particular technical textile segment, engage in Research and Development, incubation, prototype development etc. The CoEs have also entered into collaboration with several internationally reputed Overseas R&D institutions and track international developments and trends in their segments. TMTT specifically provides for contract research where user industry can sponsor research through eligible reputed R&D institutions and avail upto 60% of the approved R&D project cost under the mission.

Annex-I

Details for promoting & encouraging the growth & development of Technical Textiles in India and exports of technical textiles through various schemes & policy initiatives.

I. Technology Mission on Technical Textiles (TMTT):

Government is promoting and encouraging the growth and development of Technical Textiles in India and exports of technical textiles through various schemes and policy initiatives. Ministry has launched Technology Mission on Technical Textiles (TMTT) with two mini-missions for a period of five years (from 2010-11 to 2011-12 in the 11th five year plan and 2012-13 to 2014-15 in 12th five year plan) with a total fund outlay of Rs.200 crore during December 2010. The objective of TMTT is to promote technical textiles by ways of developing world class testing facilities at eight Centres of Excellence, promoting indigenous development of prototypes, providing support for domestic & export market development, encouraging contract research, etc.

II. Subsidy on Machinery, Infrastructure and Policy Initiatives:

Major machinery for manufacture of technical textiles has been covered under Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) for 5% Interest Reimbursement and 10% capital subsidy in addition to 5% interest reimbursement is also provided to the specified technical textile machinery under RRTUFS.

Under the Scheme for Integrated Textile Parks (SITP), the Government provides assistance for creation of infrastructure in the parks to the extent of 40% limited to Rs.40 crore. Technical textile units can also avail benefits under this Scheme

The major machinery for production of technical textiles is covered in the concessional customs duty list of 5%.

Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2% of FOB value of exports.

III. Measures taken by Government to increase exports of Indian textiles and clothing:

i) Government implements several export promotion measures including incentives under Focus Market Scheme and Focus Product Scheme; enhancing the coverage of Market Linked Focus Product Scheme for textile products to increase India's share in various countries. Focus Market Scheme (FMS) offsets high freight cost and other externalities to select international markets with a view to enhance India's export competitiveness in these markets. Further, to incentivise export of such products which have high export intensity / employment potential, so as to offset infrastructure inefficiencies and other associated costs involved in marketing of these products, Govt. implements Focus Product Scheme. In addition, Market Linked Focus Product Scheme (MLFPS) incentivises export of products that have high employment intensity in rural and semi urban areas, to offset infrastructure inefficiencies and other associated costs involved in marketing of these products.

ii) Financial Assistance is provided for export promotion activities on focus countries and focus product countries under Market Access Initiative (MAI) Scheme.

iii) Financial Assistance is provided under Market Development Assistance (MDA) Scheme for a range of export promotion activities implemented by Textiles Export Promotion Councils on the basis of annual action plan.

iv) 2% Interest Subvention Scheme on rupee export credit was available to certain specific export sectors including Handicrafts, Carpets, Handloom and Readymade Garments up to 31st March, 2014.

v) Duty Drawback is the rebate of duty chargeable on imported material or excisable material used in the manufacturing of goods in and is exported. The exporter may claim drawback or refund of excise and customs duties paid by his suppliers.

vi) The Export Promotion Capital Goods (EPCG) scheme is one of the several export-promotion initiatives launched by the government in the early '90s. The basic purpose of the scheme is to allow exporters to import machinery and equipment at affordable prices so that they can produce quality products for the export market.

vii) Guarantees to Banks: Packing Credit Guarantee:

Timely and adequate credit facilities at the pre-shipment stage are essential for exporters to realize their full export potential. The Packing Credit Guarantee of ECGC helps the exporter to obtain better and adequate facilities from their bankers. The Guarantees assure the banks that, in the event of an exporter failing to discharge his liabilities to the bank, ECGC would make good a major portion of the bank's loss.

viii) Advance License: Advance Licence Scheme allows duty free import of inputs which are physically incorporated in export product with normal allowance of wastage on the basis of SION (Standard Input Output Norms). It has export obligation attached to it which should be fulfilled in 18 month from the date of release of advance licence.

ix) Increase in entitlement for import of trimmings, embellishments and other specified items - To encourage exports of readymade garments it has been announced in Union Budget 2014-15 to increase the duty free entitlement of garment exporters for duty-free import of trimmings, embellishments and other specified items from 3% to 5% of the value of their exports.