

GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
RAJYA SABHA
UNSTARRED QUESTION NO-3032
ANSWERED ON- 20/12/2024

COMPETITIVENESS OF INDIAN TEXTILE INDUSTRY

3032. SHRI SAKET GOKHALE:

Will the Minister of TEXTILES be pleased to state:

(a) the manner in which Government plans to tackle the issue of high raw material costs, especially the 10 per cent import duty on cotton, which is making Indian products less competitive, internationally; and

(b) the steps being taken by Government to simplify and rationalize the export duty structure on raw hides, skins, and leather?

ANSWER

THE MINISTER OF STATE FOR TEXTILES
(SHRI PABITRA MARGHERITA)

(a): The Indian textiles industry is one of the largest in the world with a large raw material base and manufacturing strength across the value chain from fibre to fabric to garments. India has the advantage of having a strong raw material base of natural fibre including cotton, silk, wool, jute as well as manmade fibre. The competitiveness of an industry is influenced by factors such as cost efficiency across inputs, processing, marketing, and value chain.

The Government is continuously monitoring export performance and taking various measures to boost production and exports. Currently, import of raw cotton attracts 11% Customs duty (5% Basic Custom Duty + 5% Agriculture Infrastructure and Development Cess + 10% of Social Welfare Surcharge). With effect from 20th February 2024, the custom duty on Extra-Long Staple (ELS) Cotton has been reduced to NIL.

With a view to have a sustained interest of farmers in cotton cultivation and to ensure a consistent supply of cotton in the country, Government of India is declaring Minimum Support Price (MSP) of cotton every year. This mechanism acts as safety net to protect cotton farmers' interests, ensuring they receive a fair remunerative price for their produce in the event market prices of cotton falls below the MSP rates declared by the Government of India. Simultaneously, it facilitates the availability of cotton at competitive prices through daily e-auctions by CCI (The Cotton Corporation of India Ltd.) throughout the year at most competitive rates and terms.

(b): In order to promote export of value-added leathers from the country, the export duty on wet blue and crust leathers was reduced from 40 % to 20% in the Union Budget 2024-25. Besides, the Union Budget 2024-25 also simplified and rationalized the effective export duty structure on Raw hides, skins and leather as detailed below in the table.

S. No.	Commodity	Rate of duties	
		From (%)	To (%)
1	Raw Hides & skins, all sorts (other than buffalo)	40	40
2	Raw Hides & skins of buffalo	30	30
3	Raw fur and skins including lamb fur skin	60/10	40
4	Wet Blue Chrome Leather	40	20
5	Crust Leather	40	20
6	Tanned fur skin	60	20
7	E.I. Tanned Leather	Nil	Nil
8	Finished leather (as defined by DGFT)	Nil	Nil

Earlier, the Government had reduced the export duty on East India (EI) tanned leather from 15% to Nil, and the export duty on raw buffalo hides from 40% to 30%, vide Customs Notification No. 27/2019-Customs dated 6th July 2019.
