

LOK SABHA  
UNSTARRED QUESTION NO. 685  
TO BE ANSWERED ON 13.12.2018

PROBLEMS FACED BY TEXTILE INDUSTRY

685. SHRI MALYADRI SRIRAM:

Will the Minister of TEXTILES वस्त्र मंत्री  
be pleased to state:

- (a) whether the number of textile companies which have defaulted in making payments to banks have increased recently, if so, the details thereof and the reasons therefor during the last three years and the current year;
- (b) whether there has been a sharp decline in drawback benefits available to the textile companies and if so, the details thereof; and
- (c) whether uncertainty in the price of raw materials, lack of infrastructure and recession is rendering Indian textile companies less competitiveness, if so, the details thereof and the reaction of the Government thereto?

उत्तर

ANSWER

वस्त्र राज्य मंत्री (श्री अजय टम्टा)  
MINISTER OF STATE FOR TEXTILES  
(SHRI AJAY TAMTA)

- (a) Around 306 textile units/accounts (as on April,2017) have defaulted in making payments to banks, particularly in weaving, knitting, spinning, garmenting & Made-ups and composite/multi-activities segments. Reasons for default include ambitious expansion plans, venturing into non-core business areas, etc.
- (b) There is no sharp decline of duty draw back benefits available to textile companies i.e total of duty drawback and GST refund as compared with the higher rate of duty drawback available for the textile items during pre-GST period. A statement is given at Annexure-1.
- (c) Government has been taking various measures for development of infrastructure facilities to make the textile industry more competitive. Under the "Amended Technology Upgradation Fund Scheme and In-Situ Upgradation Fund scheme, one-time capital subsidy is provided to the textile units/weavers for installation/upgradation of textile machinery. Under the scheme of Integrated Textile Parks (SITP), the textile industry is provided with infrastructure facilities. To promote domestic manufacturing, Government has recently increased the basic custom duty from 10% to 20% on import of MMF fabric, silk fabric, carpets, apparel and made-ups.

**Annexure-1 is reply to part (b) of the Lok Sabha USQ No.685 for answer on 13.12.2018 regarding “Problems faced by Textile Industry”**

**Annexure-1**

Drawback Rate for textile products (% of FOB)				
Description (Tariff items as per Schedule of All Industry Rates of Drawback)	2016-17		2017-18	
	Drawback Rate (Lower) (Customs+ Central Excise duty on fuel)	Drawback Rate (Higher) (Customs+ Central Excise duty+Service Tax)	Drawback Rate (Lower) (Customs+ Central Excise duty on fuel)	GST Refund rate(Central Excise and Service Tax)
Cotton Yarn Grey (520501)	1.2	3	1.2	5
Cotton Yarn Dyed(520504)	1	3.5	1	5
Cotton Woven fabrics Grey(520801)	1.6	4.3	1.6	5
Man's or boy's shirt of cotton (610501)	2	7.6	2	5/12*
T-Shirts of cotton(610901)	2	7.6	2	5/12*
Blankets and traveling rugs of cotton (630101)	2	7.5	2	5/12*
Polyester texturised/twisted yarn Grey(540201)	1.7	11.1	1.7	12
Polyester texturised/twisted yarn Dyed(540202)	2.3	12.2	2.3	12
Woven fabric of Artificial filament yarn Grey (540801)	1.5	7.5	1.5	5
Woven fabric of Artificial filament yarn Dyed(540802)	1.8	8.2	1.8	5
Man's or boy's shirt of MMF (610503)	2.5	9.8	2.5	5/12*
T-Shirts of MMF(610903)	2.5	9.8	2.5	5/12*
Blankets and traveling rugs of MMF (630103)	2.4	9.5	2.4	5/12*

\*where retail sale value not exceeding Rs 1000 per piece are subject to 5 % of IGST and where retail sale value is exceeding Rs 1000 per piece, they are subject to 12% of IGST

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